

## MIAMI-DADE COUNTY, FLORIDA

### **Note 1 – Summary of Significant Accounting Policies**

#### ***1-A. Reporting Entity***

Miami-Dade County, Florida (the “County”) is an instrumentality of the State of Florida established by an amendment to the Florida State Constitution adopted May 21, 1957 as the Dade County Home Rule Charter, to carry on a centralized government. The Board of County Commissioners (the “Commission”), comprised of thirteen elected members, is responsible for the legislative and fiscal control of the County. The County Manager is responsible for the administrative and fiscal control of all County departments through the administration of directives and policies established by the Commission. The Mayor has the authority to appoint and remove the County Manager subject to Commission approval. The Mayor has veto authority over any legislative, quasi-judicial, zoning master plan or land use decision of the Commission, including the budget or any particular component contained therein which is approved by the Commission. The Commission may override a veto with a two-thirds vote of the Commissioners present.

The financial reporting entity for which the accompanying financial statements are prepared includes the County (primary government) and its component units. Component units are legally separate organizations for which the County is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit’s board and either 1) the County’s ability to impose its will on the component unit’s board, or 2) the possibility that the component unit will provide a financial benefit to or impose a financial burden to the County.

The financial position and result of operations of the following entities are reported as part of the primary government in the accompanying financial statements. They are not component units because they do not hold sufficient corporate powers of their own to be considered legally separate from the County for financial reporting purposes:

- ▶ The Public Health Trust (the “PHT”) provides countywide healthcare services and is responsible for the operation, governance and maintenance of County health facilities. The PHT has its own governing board, which is appointed by the Commissioners. However, it is not considered to be legally separate from the County and is reported as an enterprise fund of the County.
- ▶ The Clerk of the Circuit and County Courts (the “Clerk”) is an elected official whose principal function is to provide support to the Courts (Civil, Criminal and Traffic) and to assist the Commissioners in performing the ex-officio duties of the County Auditor, Custodian of Public Funds and County Recorder. As a result of the budgetary control by the County and its financial dependency on the County, the Clerk’s activities are included as part of the primary government in the accompanying financial statements.

#### ***Component Unit:***

##### ***Housing Finance Authority (HFA)***

The HFA provides financing for residential housing to persons or families of moderate, middle or lesser income. The HFA is a component unit of the County since the Commissioners appoint the thirteen members of its governing board and have the ability to impose their will on the board. It qualifies for discrete presentation in the County’s financial statements, and is therefore reported in a separate column in the County’s government-wide financial statements.

Complete financial statements of the HFA may be obtained directly from their administrative offices:

Housing Finance Authority of Miami-Dade County  
25 West Flagler Street, Suite 950  
Miami, Florida 33130  
(305) 372-7990

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### ***Related Organizations:***

- ▶ The Miami-Dade Expressway Authority (the “MDXA”) is an agency of the State of Florida. It constructs, maintains and operates the expressway system located in Miami-Dade County. The Commissioners appoint a voting majority of the MDXA governing board. However, the County is not financially accountable for the MDXA, and the MDXA is therefore not included in the accompanying financial statements.
- ▶ The Miami-Dade Industrial Development Authority (the “IDA”) develops and manages the Tax-Exempt Industrial Development Revenue Bond Program that serves as a financial incentive to support private sector business and industry expansion and location in Miami-Dade County. The Commissioners appoint the members of IDA’s governing board. However, the County is not financially accountable for IDA because it cannot impose its will on the organization. IDA bonds are not obligations of the County, and IDA’s operations neither provide a financial benefit to nor impose a financial burden on the County. Therefore, the IDA is not included in the accompanying financial statements.

### ***1-B. Measurement Focus, Basis of Accounting, Basis of Presentation***

#### ***New Financial Standards Adopted:***

In fiscal year 2002, the County implemented a new financial reporting model as required by the Governmental Accounting Standards Board (GASB) statements:

- Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*
- Statement No. 37, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments: Omnibus, an amendment of GASB Statements No. 21 and 34*
- Statement No. 38, *Certain Financial Statement Note Disclosures*
- Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*

Statement No. 34 (as amended by Statement No. 37) requires the presentation of government-wide financial statements, as well as a Management’s Discussion and Analysis with an analytical overview of the County’s financial activities. Statement No. 34 also requires statements of cash flows from operating activities be prepared for proprietary funds, using the direct method, and a reconciliation of operating cash flows to operating income.

Implementation of Statement No. 38 resulted in certain note disclosures being added or amended, including descriptions of activities of major funds, and debt service requirements to maturity for debt, capital and noncancelable leases for each of the five subsequent fiscal years and in five-year increments thereafter. Other disclosures required by Statement No. 38 will be implemented next year, as permitted by the statement. These disclosures include the disaggregation of receivable and payable balances, and details about interfund balances and interfund transfers.

Interpretation No. 6 requires certain long-term liabilities be reported in the governmental fund statements only if the amount is due for payment in the period being reported. No adjustments to beginning fund balances were needed as a result of Interpretation No. 6.

In addition to the government-wide statements, separate financial statements are presented for governmental funds, proprietary funds, and fiduciary funds.

The government-wide statements, proprietary fund and fiduciary fund financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are generally recorded when earned and expenses are recorded when a liability is incurred, regardless of when the related cash flow occurs. Property taxes are recorded as revenues in the year for which they are levied, and grants and other similar non-exchange transactions are recorded as revenue as soon as all eligibility requirements have been met.

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The governmental fund financial statements are prepared using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. For the purpose of revenue recognition, "available" means that the revenues are collectible within the current period or soon thereafter to pay liabilities of the current period. The County considers property tax revenues to be available if they are collected within 30 days after the end of the fiscal period. The availability period for other revenues is 60 days. Major revenue sources that are susceptible to accrual under the above criteria include property taxes, intergovernmental revenues and investment earnings. Current and prior year property taxes billed but uncollected as of the end of the fiscal year are reflected as delinquent taxes receivable with an offsetting allowance account, as these amounts are not considered to be available to finance current operations. Delinquent taxes are recognized as revenue during the fiscal year in which they are collected. Other revenues that are not considered measurable or available are recognized when cash is received by the County. Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and expenses related to compensated absences and claims and judgments, which are recorded only when payment is due.

The above differences in measurement focus and basis of accounting result in differences in the amounts reported as net assets and changes in net assets in the government-wide statements from the amounts shown in the governmental and proprietary fund statements. Those differences are briefly explained in the reconciliation statements included in the governmental and proprietary fund statements.

### ***Government-wide financial statements:***

The accompanying financial statements include a government-wide statement of activities and a government-wide statement of net assets. These statements report information on the County as a whole and its component unit. They do not include the fiduciary activities of the County and its component unit. For the most part, interfund activity have been eliminated from these statements with the result that the statements mainly present transactions with parties outside the reporting entity.

In the government-wide statements, the primary government (the County) is reported separately from its component unit (the HFA). Governmental activities and business-type activities of the County are presented separately. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities rely mostly on charges for services for support.

The statement of activities shows the extent to which the direct expenses of a given function or segment are offset by its program revenues. The direct expenses of a function are clearly identifiable with that function. The program revenues of a function include: (1) amounts charged to those who purchase, use, or directly benefit from goods or services provided by the function, (2) grants and contributions that are restricted to operational uses by the function, and (3) grants and contributions that are restricted to capital uses by the function. All revenues other than program revenues are considered to be general revenues and are shown in the bottom section of the statement of activities. They include all taxes (even those levied for a particular function), unrestricted intergovernmental revenues, unrestricted investment earnings and other miscellaneous non-program revenues.

The government-wide statement of net assets reports all financial and capital resources of the County, as well as its liabilities. The difference between assets and liabilities are reported as net assets. Net assets are displayed in three components:

*Invested in capital assets, net of related debt:* Capital assets, net of depreciation and reduced by the outstanding balance of debt that is attributable to the acquisition or construction of those assets.

*Restricted net assets:* Assets when constraints on their use are: (1) externally imposed by creditors, grantors, contributors or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets (deficit):* All other assets and liabilities not part of the above categories. This amount may be a deficit to the extent that the County has elected to fund certain long-term liabilities as they come due rather than as incurred, e.g. compensated absences.

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### ***Fund financial statements:***

The accompanying financial report includes separate financial statements for governmental funds, proprietary funds and fiduciary funds (though fiduciary funds are excluded from the government-wide statements). The fund financial statements present major individual funds in separate columns. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

### ***Major Governmental Funds***

The following major governmental funds are included in the County's financial statements:

**General Fund:** The County's primary operating fund; also accounts for the financial resources of the general government, except those required to be accounted for in another fund.

**Community and Social Development Funds:** These funds account for revenues received from Federal and State grants for the operation of the Community Development Block Grants and low-income housing assistance, and acquisition program, health and human services programs and economic revitalization in empowerment zone areas.

### ***Major Proprietary Funds***

The following major enterprise funds are included in the County's financial statements:

**Miami-Dade Transit Agency:** Operates the County's mass transit rail system, bus system, downtown metro-mover loop, and special transportation services.

**Miami-Dade Solid Waste Department:** Provides solid waste collection and recycling services to the unincorporated area of Miami-Dade County and to some municipalities. Also provides solid waste disposal services to 17 municipalities and operates a variety of facilities, including landfills, transfer stations and neighborhood trash and recycling centers.

**Miami-Dade Seaport Department:** Operates the Dante B. Fascell Port of Miami-Dade, which is home to nearly 20 cruise ships and serves numerous other cruise vessels. The Port also has a large container facility from which over 35 cargo shipping lines operate.

**Miami-Dade Aviation Department:** Operates and develops the activities of the Miami International Airport, four other general aviation airports, and one training airport.

**Miami-Dade Water and Sewer Department:** Maintains and operates the County's water distribution system and wastewater collection and treatment system.

**Public Health Trust (PHT):** The PHT was created by a County ordinance in 1973 that provided for an independent governing body responsible for the operation, governance and maintenance of certain designated health facilities. The PHT operates the Jackson Memorial Hospital and Medical Towers, the North Dade Primary Health Care Facility, the Corrections Health Services Facility, the Liberty City Medical Facility, and other health facilities.

### ***Internal Service Fund***

The following internal service fund is included in the County's financial statements:

**Self-Insurance Fund:** Accounts for premium payments received from participating municipalities and County departments for payment of claims under the Workers' Compensation, General Auto Liability and Property Damage Insurance Plan administered by the County. Also accounts for medical, life and disability insurance for County employees and their families.

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### ***Fiduciary Funds***

The following fiduciary funds are included in the County's financial statements:

#### **Agency Funds:**

**Clerk of Circuit and County Court Funds:** Accounts for funds received, maintained and distributed by the Clerk of the Circuit and County Courts in his capacity as custodian to the State and County judicial systems.

**Tax Collector Fund:** Accounts for the collection and distribution of ad-valorem taxes and personal property taxes to the appropriate taxing districts. Also accounts for the collection of motor vehicle registration fees and sales of other State of Florida licenses, the proceeds of which are remitted to the State.

**Other Agency Funds:** Accounts for various funds placed in escrow pending timed distributions.

### ***Application of FASB Standards***

Governmental Accounting Standards Board ("GASB") Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, offers the option of following all Financial Accounting Standards Board ("FASB") standards issued after November 30, 1989, unless the latter conflict with or contradict GASB pronouncements, or not following FASB standards issued after such date. The County and its enterprise funds elected the option not to follow the FASB standards issued after November 30, 1989.

### ***Proprietary Funds Operating vs. Nonoperating Items***

The County's proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items in their statements of revenues, expenses and changes in fund net assets. In general, operating revenues result from charges to customers for the purchase or use of the proprietary fund's principal product or service. Operating expenses relate to the cost of providing those services or producing and delivering those goods, and also include administrative expenses, depreciation of capital assets, and closure and postclosure care costs for inactive landfills.

All other revenues and expenses that do not result from the fund's principal ongoing operations are considered to be *nonoperating*. Examples of other nonoperating items include investment earnings, interest expense, grants and contributions, and passenger facility charges.

### ***Grants from Government Agencies***

Certain operating grants under various federal and state programs are included in the Special Revenue Funds. Grant monies received are disbursed by these funds for goods and services as prescribed under the respective grant program or are transferred to other County funds for ultimate distribution under the terms of the grants. These programs are dependent on the continued financial assistance of the state or federal governments.

Grants designated as operating subsidies to enterprise funds are recorded as nonoperating revenues upon compliance with the grant's eligibility requirements. Grants designated for use in acquiring property or equipment are recorded as capital contributions. Grant monies received but not earned are recorded as deferred revenues.

### ***Interfund Activity***

As a general rule the effect of interfund activity has been eliminated from the government-wide statements. An exception to this rule is that charges for services provided by the Water and Sewer Department and the Solid Waste Department have not been eliminated from the statement of activities. Elimination of these charges would understate the expenses of the user function and the program revenues of the function providing the services. Also, the General Fund charges certain funds an administrative cost overhead charge based on a cost allocation plan. An adjustment has been made to the government-wide statements to eliminate the revenue and expense reported in the General Fund so that the administrative expense is shown only by the funds/activities that were charged.

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### ***Flow Assumption for Restricted Assets***

If both restricted and unrestricted assets are available for use for a certain purpose, it is the County's policy to use restricted assets first, then use unrestricted assets as needed.

### ***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

### ***1-C. Assets, Liabilities, and Net Assets or Equity***

#### ***Cash, Cash Equivalents and Investments***

Cash and cash equivalents include cash on hand, amounts in demand deposits, and short-term investments with maturity dates within three months of the date acquired by the County.

The County adopted the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, which established accounting and financial reporting standards for all investments, including fair value standards. As the statement permits, non-participating investments are reported at amortized costs, which approximate market. All participating investments are carried at fair value and unrealized gains and losses due to variations in fair value are recognized for the year.

The provisions of GASB No. 31 also specify that the investment income of each fund be reported in the fund that is associated with the assets. If the investment income is assigned to another fund for other than legal or contractual reasons, the income has to be recognized in the fund that reports the investment, with an operating transfer to the recipient fund. The County has made the needed adjustments to the accompanying financial statements to ensure compliance with this provision.

The Local Government Surplus Funds Trust Fund Investment Pool (the "Pool") is a "2a-7 like" pool, and the Pool account balance (amortized cost) can be used as fair value for financial reporting. The Pool is governed by Chapter 19-7 of the Florida Administrative Code, which identified the rules of the State Board of Administration (SBA) for the administration of the Pool. Additionally, the Office of the Auditor General performs the operational audit of the activities and investments of the SBA.

#### ***Inventories***

Inventories, consisting principally of materials and supplies held for use or consumption, are recorded at cost or weighted average for governmental funds and lower of cost (first-in, first-out method) or market for enterprise funds, except for the Transit Agency, Water and Sewer and Public Health Trust. These enterprise funds use the average cost method.

The purchases method of inventory accounting is used to report inventories in the governmental funds. Under this method, inventories are reported as expenditures when purchased. However, significant amounts of inventories are reported as assets, and are offset by a reservation of fund balance to indicate they do not constitute resources available for appropriation. In the Statement of Net Assets, inventories are accounted for using the consumption method characteristic of full accrual accounting. Under this method, the recognition of an expense is deferred until such time when the inventories are actually consumed.

#### ***Receivables***

Mortgages receivable in special revenue funds arise from the County's housing development programs that provide low-income housing assistance to eligible applicants. An allowance for uncollectible mortgages receivable of \$65,330,000 has been recorded in the Community and Social Development Fund, and \$310,000 was recorded in the Housing Special Revenue Fund. Accounts receivable reported by the enterprise funds as of September 30, 2002 are net of an allowance for uncollectible accounts of \$142,417,000.

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### ***Property Taxes***

Property values are assessed as of January 1 of each year, at which time taxes become an enforceable lien on property. Tax bills are mailed in October and are payable upon receipt with discounts at the rate of 4% if paid in November, decreasing by 1% per month with no discount available if paid in the month of March. Taxes become delinquent on April 1 of the year following the year of assessment and State law provides for enforcement of collection of property taxes by the sale of interest-bearing tax certificates and the seizure of personal property to satisfy unpaid property taxes. The procedures result in the collection of essentially all taxes prior to June 30 of the year following the year of assessment.

### ***Capital Assets***

Capital assets include land, buildings, furniture, fixtures, equipment, machinery, utility plant and systems, infrastructure (e.g., roads, bridges, sidewalks, and similar items) and construction work in progress with an estimated useful life in excess of two years. Capital assets used in the operation of governmental funds and those used in business-type activities are reported in the applicable columns in the government-wide financial statements.

Capital assets are recorded at cost if purchased or constructed. Contributed capital assets are recorded at estimated fair value at the date of contribution. The cost of maintenance, repairs and minor renewals and betterments are expensed as incurred, rather than capitalized (added to the cost of the asset). Major renewals and betterments are treated as capital asset additions.

Interest expense related to borrowings used for construction projects of business-type activities is capitalized, net of interest earned on the same funds. Interest capitalization ceases when the construction project is substantially complete. Net interest capitalized during fiscal year 2002 amounted to \$29,162,000. Interest is not capitalized for construction projects of governmental funds.

Capital assets are depreciated over their useful lives unless they are inexhaustible (e.g., land, certain individual items or collections with historical or artistic value). Pursuant to Florida Statute, the County inventories all assets with a historical cost and a useful life of two years or greater. However, for financial reporting purposes, the County has established a capitalization threshold of \$5,000 for its governmental activities. The County uses the straight-line method of depreciation to depreciate assets over their estimated useful lives, which range as follows:

Buildings and building improvements	5-50 years
Utility plant and systems	5-100 years
Infrastructure	10-50 years
Furniture, fixtures, machinery and equipment	3-30 years

The Solid Waste Management enterprise fund records depletion on landfill sites and the estimated cost of permanently capping and maintaining such landfills on the basis of capacity used.

### ***Assets Held in Trust / Impact Fees***

Assets held in trust in the Capital Project Funds include \$112,089,000 of impact fees collected from developers for public infrastructure and/or capital improvements. If the funds are not expended or encumbered within a specific time period, they may be refunded upon request.

***Restricted Net Assets*** Certain net assets have been identified as “restricted”. These net assets have constraints as to their use externally imposed by creditors, through debt covenants, by grantors, or by law. Restricted net assets are being reported for: capital projects; bond covenants; debt service; other purposes (expendable); and other purposes (nonexpendable). Net assets restricted for “other purposes (expendable)” include the net assets in the Community and Social Development Funds, Fire and Rescue Special Revenue Fund, Public Library Special Revenue Fund, Housing Special Revenue Fund, and most of the other special revenue funds. They also include net assets restricted for environmentally endangered lands and stormwater in the General Fund. Net assets restricted for “other purposes (nonexpendable)” include permanent endowments for the Metrozoo and public libraries, and are reported in the permanent funds.

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### ***Reservations of Fund Balances***

Reservations of fund balances in governmental fund statements represent amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

### ***Donor-restricted endowments***

The permanent funds for the Metrozoo and public libraries report nonexpendable restricted assets of \$2,781,000 and \$479,000, respectively, and net appreciation of \$323,000 and \$5,000, respectively. Under the terms of the endowments and consistent with State statutes, the County is authorized based on a total-return policy to spend the net appreciation on those programs. Any amounts not spent during a particular fiscal year may be carried forward to be spent in future years.

### ***Bond Premium (Discount) and Issuance Costs***

Bond premiums or discounts are amortized over the life of the related bond issues, using the interest method or the straight-line method if it does not differ materially from the interest method. Bond issuance costs are capitalized and amortized using the straight-line method over the life of the bonds.

### ***Refunding of Debt***

For current and advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense using the effective interest method over the remaining life of the old debt or the life of the new debt, whichever is shorter. The difference in these amounts, to the extent unamortized, is accounted for as an element of the carrying cost of the related debt.

### ***Compensated Absences***

The County accounts for compensated absences by recording a liability for employees' compensation of future absences according to the guidelines set by GASB Statement No. 16, *Accounting for Compensated Absences*.

County policy permits employees to accumulate unused vacation and sick pay benefits that will be paid to them upon separation from service. In the governmental funds, the cost of vacation and sick pay benefits is recognized when payments are made to employees. The government-wide statements and proprietary funds recognize a liability and expense in the period vacation and sick pay benefits are earned.

The government-wide statement of net assets for September 30, 2002 includes a current liability for accumulated vacation and sick pay of \$155,621,000 and a long-term liability of \$248,801,000.

### ***Deferred Compensation Plan***

The County offers its employees a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Code Section 457. The Plan, available to all County employees, allows them to defer a portion of their salary to future years. The County's direct involvement in the Plan is limited to remitting the amounts withheld from employees to the Plan's administrator. The deferred compensation plan is not available to employees until termination, retirement, death or an unforeseeable emergency.

## **Note 2 - Stewardship, Compliance and Accountability**

### ***Self-Insurance Net Assets Deficit***

As of September 30, 2002, the Self-Insurance Internal Service Fund had a deficit in net assets of \$47,440,000. The deficit is the result of estimated losses incurred but not reported (IBNR). The County currently partially funds IBNR liability and has steadily increased such coverage in recent years. It is the County's intent to continue increasing its coverage of IBNR in future years as funding flexibility permits.



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### **Note 3 - Cash, Cash Equivalents and Investments**

The County pools substantially all cash, cash equivalents and investments, except for separate cash and investment accounts that are maintained in accordance with legal restrictions.

Each fund's equity share of the total pooled cash, cash equivalents and investments is included on the accompanying financial statements under the caption "Cash and cash equivalents" and "Investments."

At September 30, 2002, the total primary government, discretely presented component unit and fiduciary funds' cash and cash equivalents and investments included the following (in thousands):

Cash	\$ 141,155
Certificates of deposit	19,119
Total cash and interest bearing deposits	<u>160,274</u>
Investments (including cash equivalents)	3,926,264
Total cash and cash equivalents and investments	<u><u>\$ 4,086,538</u></u>

All cash deposits are held in qualified public depositories pursuant to State of Florida Statutes Chapter 280, "Florida Security for Public Deposits Act." Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The pledging level may range from 50% to 125% depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

Guaranteed investment contracts ("GIC's") are not subject to credit risk classification because they are direct contractual investments and are not securities. These GIC's provide for a guaranteed return on investments over a specified period of time. Also, the Local Government Surplus Funds Trust Fund Investment Pool and the Money Market are not subject to credit risk classification because the three categories of credit risk for investments apply only to the custody of investment securities.

#### ***Cash Deficits***

As of September 30, 2002, the Transit Agency has a cash deficit balance of approximately \$53.8 million. It is the County's practice to report cash deficits with a corresponding interfund receivable/payable in the appropriate fund. These cash deficits are funded with cash advances from the County's General Fund. As of September 30, 2002, the Transit Agency has requested reimbursement of \$47 million from grantor agencies, which has yet to be appropriated by the grantor agencies. The remaining cash deficit of \$6.8 million is attributable to operating expenditures in excess of cash receipts. Management is in the process of eliminating the cash deficit through timely collection of grants receivables and other one-time funding sources.

#### ***Investments***

Investments are made in accordance with the provisions of Chapter 125.31 (1) Florida Statutes, and County Ordinance 84-47, "Investment and Reinvestment of Surplus Funds."

The County is authorized to invest in obligations of the U.S. Government, its agencies and instrumentalities, commercial paper, banker's acceptances, repurchase agreements, certificates of deposit, and the Local Government Surplus Funds Trust Fund.

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The County's investments are categorized to provide an indication of the level of custodial risk assumed by the County at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the County's name.

The tabular presentation below presents the County's investments (including cash equivalents) in terms of risk assumed at September 30, 2002 (in thousands):

	Category			
	1	2	3	Fair Value
US Government and Agency Securities	\$ 1,632,169	\$ 344,990	\$ 410,583	\$ 2,387,742
Repurchase Agreements	100		81,722	81,822
Commercial Paper	531,956	147,672		679,628
Bankers Acceptance	12,900			12,900
	<u>\$ 2,177,125</u>	<u>\$ 492,662</u>	<u>\$ 492,305</u>	<u>3,162,092</u>
Money Market				30,175
SBA Pool				455,239
Guaranteed Investment Contracts				<u>278,758</u>
Total Investments (including cash equivalents)				<u><u>\$ 3,926,264</u></u>

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**Note 4 - Capital Assets**

Capital asset activity for the year ended September 30, 2002, were as follows (in thousands):

	<b>Balance September 30, 2001</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance September 30, 2002</b>
<b>Governmental activities:</b>				
Non-depreciable assets:				
Land	\$ 498,601	\$ 7,497	\$ (935)	\$ 505,163
Construction in progress	167,404	142,319	(25,315)	284,408
Total non-depreciable assets	<u>666,005</u>	<u>149,816</u>	<u>(26,250)</u>	<u>789,571</u>
Depreciable assets:				
Building and building improvements	1,559,625	73,148	(10,980)	1,621,793
Infrastructure	2,004,512	18,944		2,023,456
Machinery and equipment	<u>211,642</u>	<u>62,750</u>	<u>(23,364)</u>	<u>251,028</u>
Total depreciable assets	<u>3,775,779</u>	<u>154,842</u>	<u>(34,344)</u>	<u>3,896,277</u>
Less accumulated depreciation for:				
Building and building improvements	(596,423)	(42,062)	10,980	(627,505)
Infrastructure	(1,051,797)	(44,208)		(1,096,005)
Machinery and equipment	<u>(117,187)</u>	<u>(30,007)</u>	<u>22,784</u>	<u>(124,410)</u>
Total accumulated depreciation	<u>(1,765,407)</u>	<u>(116,277)</u>	<u>33,764</u>	<u>(1,847,920)</u>
Total capital assets, being depreciated, net	<u>2,010,372</u>	<u>38,565</u>	<u>(580)</u>	<u>2,048,357</u>
Total governmental capital assets, net	<u><u>\$ 2,676,377</u></u>	<u><u>\$ 188,381</u></u>	<u><u>\$ (26,830)</u></u>	<u><u>\$ 2,837,928</u></u>
<b>Business-type activities:</b>				
Non-depreciable assets:				
Land	\$ 541,154	\$ 1,828	\$ (5,643)	\$ 537,339
Construction in progress	974,433	702,386	(362,964)	1,313,855
Total non-depreciable assets	<u>1,515,587</u>	<u>704,214</u>	<u>(368,607)</u>	<u>1,851,194</u>
Depreciable assets:				
Building and building improvements	4,242,950	166,096	(29,834)	4,379,212
Infrastructure	3,890,958	194,396	(8,792)	4,076,562
Machinery and equipment	<u>1,731,228</u>	<u>94,979</u>	<u>(108,466)</u>	<u>1,717,741</u>
Total depreciable assets	<u>9,865,136</u>	<u>455,471</u>	<u>(147,092)</u>	<u>10,173,515</u>
Less accumulated depreciation for:				
Building and building improvements	(1,462,970)	(151,679)	18,698	(1,595,951)
Infrastructure	(1,073,508)	(108,718)	8,796	(1,173,430)
Machinery, and equipment	<u>(960,871)</u>	<u>(69,403)</u>	<u>79,483</u>	<u>(950,791)</u>
Total accumulated depreciation	<u>(3,497,349)</u>	<u>(329,800)</u>	<u>106,977</u>	<u>(3,720,172)</u>
Total capital assets, being depreciated, net	<u>6,367,787</u>	<u>125,671</u>	<u>(40,115)</u>	<u>6,453,343</u>
Total business-type capital assets, net	<u><u>\$ 7,883,374</u></u>	<u><u>\$ 829,885</u></u>	<u><u>\$ (408,722)</u></u>	<u><u>\$ 8,304,537</u></u>

# **MIAMI-DADE COUNTY, FLORIDA**

Capital asset activity for the year ended September 30, 2002, for the County's major enterprise funds was as follows (in thousands):

<b>MDTA</b>	<b>Balance September 30, 2001</b>		<b>Additions</b>	<b>Deletions</b>	<b>Balance September 30, 2002</b>	
Capital assets, not being depreciated:						
Land	\$	177,340	\$	1,685	\$	(5,543) \$
Construction in progress		65,876		38,722		(23,110) 81,488
Total capital assets, not being depreciated		243,216		40,407		(28,653) 254,970
Capital assets being depreciated:						
Buildings and building improvements		1,253,861		75,356		(15,557) 1,313,660
Machinery and equipment		520,680		(98,432)		422,248
Total capital assets being depreciated		1,774,541		75,356		(113,989) 1,735,908
Less Accumulated Depreciation for:						
Buildings and building improvements		(379,812)		(55,672)		7,103 (428,381)
Machinery and equipment		(307,427)		15,668		71,819 (219,940)
Total accumulated depreciation		(687,239)		(40,004)		78,922 (648,321)
Total capital assets, being depreciated, net		1,087,302		35,352		(35,067) 1,087,587
Total MDTA capital assets, net	\$	1,330,518	\$	75,759	\$	(63,720) \$ 1,342,557
<b>SOLID WASTE</b>						
Capital assets, not being depreciated:						
Land	\$	57,460	\$	84	\$	57,544
Construction in progress		22,759		8,405		(9,767) 21,397
Total capital assets, not being depreciated		80,219		8,489		(9,767) 78,941
Capital assets being depreciated:						
Buildings and building improvements		306,193		53		306,246
Infrastructure		115,496		9,986		125,482
Machinery and equipment		76,920		6,304		(2,356) 80,868
Total capital assets being depreciated		498,609		16,343		(2,356) 512,596
Less Accumulated Depreciation for:						
Buildings and building improvements		(179,211)		(11,914)		(191,125)
Infrastructure		(61,799)		(6,362)		(68,161)
Machinery and equipment		(43,578)		(5,305)		2,095 (46,788)
Total accumulated depreciation		(284,588)		(23,581)		2,095 (306,074)
Total capital assets, being depreciated, net		214,021		(7,238)		(261) 206,522
Total Solid Waste capital assets, net	\$	294,240	\$	1,251	\$	(10,028) \$ 285,463

**MIAMI-DADE COUNTY, FLORIDA**

<b>SEAPORT</b>	<b>Balance September 30, 2001</b>		<b>Additions</b>	<b>Deletions</b>	<b>Balance September 30, 2002</b>	
Capital assets, not being depreciated:						
Land	\$	151,227			\$	151,227
Construction in progress		6,336	\$	30,475		36,811
Total capital assets, not being depreciated		157,563		30,475		188,038
Capital assets being depreciated:						
Buildings and building improvements		295,678		42		295,720
Infrastructure		147,301		417		147,718
Machinery and equipment		25,497		634		26,131
Total capital assets being depreciated		468,476		1,093		469,569
Less Accumulated Depreciation for:						
Buildings and building improvements		(90,792)		(10,092)		(100,884)
Infrastructure		(35,754)		(3,133)		(38,887)
Machinery and equipment		(17,354)		(1,718)		(19,072)
Total accumulated depreciation		(143,900)		(14,943)		(158,843)
Total capital assets, being depreciated, net		324,576		(13,850)		310,726
Total Seaport capital assets, net	\$	482,139	\$	16,625	\$	498,764
<b>AVIATION</b>						
Capital assets, not being depreciated:						
Land	\$	90,550	\$	50	\$	90,600
Construction in progress		493,181		441,481	\$	(160,983)
Total capital assets, not being depreciated		583,731		441,531		(160,983)
Capital assets being depreciated:						
Buildings and building improvements		1,958,755		77,932		(13,415)
Infrastructure		739,996		65,015		2,023,272
Machinery and equipment		191,029		16,391		805,011
Total capital assets being depreciated		2,889,780		159,338		(3,091)
Less Accumulated Depreciation for:						
Buildings and building improvements		(630,042)		(57,236)		11,595
Infrastructure		(302,482)		(24,143)		(675,683)
Machinery and equipment		(106,017)		(15,061)		(326,625)
Total accumulated depreciation		(1,038,541)		(96,440)		3,079
Total capital assets, being depreciated, net		1,851,239		62,898		(1,832)
Total Aviation capital assets, net	\$	2,434,970	\$	504,429	\$	(162,815)
					\$	2,776,584

**MIAMI-DADE COUNTY, FLORIDA**

<b>WATER &amp; SEWER</b>	<b>Balance September 30, 2001</b>		<b>Additions</b>	<b>Deletions</b>	<b>Balance September 30, 2002</b>	
Capital assets, not being depreciated:						
Land	\$	30,390			\$	30,390
Construction in progress		348,670	\$	156,977	\$	(160,047)
Total capital assets, not being depreciated		379,060		156,977		(160,047)
Capital assets being depreciated:						
Infrastructure		2,832,835		116,964		(8,792)
Machinery and equipment		639,954		43,083		(4,563)
Total capital assets being depreciated		3,472,789		160,047		(13,355)
Less Accumulated Depreciation for:						
Infrastructure		(646,258)		(73,508)		8,796
Machinery and equipment		(315,085)		(41,134)		4,502
Total accumulated depreciation		(961,343)		(114,642)		13,298
Total capital assets, being depreciated, net		2,511,446		45,405		(57)
Total Water and Sewer capital assets, net	\$	2,890,506	\$	202,382	\$	(160,104)

**PHT**

Capital assets, not being depreciated:						
Land	\$	30,750			\$	30,750
Construction in progress		32,509	\$	25,125	\$	(9,042)
Total capital assets, not being depreciated		63,259		25,125		(9,042)
Capital assets being depreciated:						
Buildings and building improvements		387,853		10,799		398,652
Infrastructure		21,138		2,014		23,152
Machinery and equipment		270,565		28,133		298,698
Total capital assets being depreciated		679,556		40,946		720,502
Less Accumulated Depreciation for:						
Buildings and building improvements		(169,929)		(16,198)		(186,127)
Infrastructure		(12,071)		(1,017)		(13,088)
Machinery and equipment		(169,363)		(21,232)		(2,222)
Total accumulated depreciation		(351,363)		(38,447)		(2,222)
Total capital assets, being depreciated, net		328,193		2,499		(2,222)
Total PHT capital assets, net	\$	391,452	\$	27,624	\$	(11,264)

## MIAMI-DADE COUNTY, FLORIDA

Depreciation expense was charged to the different functions of the primary government as follows (in thousands):

### Governmental Activities Depreciation Expense by Function (in thousands)

Function	Amount
Policy formulation and general government	\$ 21,123
Protection of people and properties	20,201
Physical environment	428
Transportation	46,302
Human Services	1,212
Socio-economic environment	17,381
Culture and recreation	9,630
Total depreciation expense - governmental activities	<u>\$ 116,277</u>

### **Note 5 - Operating Leases**

**Aviation** - The major portion of the Aviation Department's property, plant and equipment is held for lease. Substantial portions of the leases are cancelable and provide for periodic adjustment to rental rates to maximize operational flexibility. The noncancelable lease agreements also provide for periodic adjustments to the rental rates. In addition, the Aviation Department leases certain properties under management and concession agreements. Certain of these leases provide for minimum rentals plus a specified percentage of the tenants' gross revenues. All leases are classified as operating leases.

At September 30, 2002 minimum rentals under such lease agreements are as follows (in thousands):

Year Ending September 30,	
2003	\$ 41,430
2004	36,811
2005	30,995
2006	15,204
2007	11,428
2008-2012	34,652
2013-2017	34,084
2018-2022	33,746
2023-2027	11,663
2028-2032	661
	<u>\$ 250,674</u>

## MIAMI-DADE COUNTY, FLORIDA

**General Segment** - During fiscal year 1998, the County entered into a three party Lease/Sublease agreement with Dana Commercial Credit Corporation ("Dana") regarding the leasing rights of the Stephen P. Clark Center (the "Metro Center"). The terms of the Lease/Sublease agreement provide for the leasing of the County's leasing rights of the Metro Center to a third party, Wilmington Savings as trustee for Redade, a subsidiary of Dana, which in turn subleases the asset back to the County for a period of 29 years, commencing June 1, 1998. During this time period, the County retains title and control of the facility.

At closing, the County received a total of \$79 million. \$3.7 million of the \$79 million are considered an up-front payment and was recognized as revenue in fiscal year 1998. \$57 million of the remaining \$75.3 million was deposited with a financial institution and the proceeds will be used to meet the payment obligations by the County under the sublease agreement and the remaining \$18 million will mature to an amount sufficient, approximately \$49 million, to fully defease its sublease obligations and buy-out option, 17.5 years subsequent to the commencing date. There is a purchase option allowed under the agreement in the year 2015. The total minimum lease payments of approximately \$125 million will be amortized on a straight-line basis over the life of the lease term. This Lease/Sublease agreement has been accounted for as a non-cancelable operating lease as part of the Special Revenue Funds. The future minimum lease payments, amortized on a straight-line basis to include the buy-out option, are as follows (in thousands):

Year Ending September 30,	
2003	\$ 3,120
2004	3,165
2005	8,250
2006	3,777
2007	4,656
2008-2012	25,192
2013-2017	70,339
	<u>\$ 118,499</u>

**Transit Agency** - During fiscal year 1997, the County entered into a three party lease-in/lease-out arrangement ("Lease 1") with the Bank of New York Leasing Corporation for a total of 134 commuter rail cars. The agreements provide for the lease of the equipment owned by the County to a financial party lessee and the lessee, in turn, subleases such equipment back to the County for a period ranging from 22 to 24 years commencing May 1997. At the time of the transaction, the County received from the financial party lessee the total minimum rental payments required under the lease of approximately \$95 million. The minimum rental payments received are amortized on a straight-line basis over the life of the lease terms.

The County deposited \$70,350,000 with a financial institution sufficient to meet all of its payment obligations under the terms of the sublease and acquired \$17,583,000 in United States Treasury Strips that will mature to an amount sufficient to satisfy each agreement's purchase of the Head Lease Rights option. The funds on deposit and the United States Treasury Strips have been included as restricted assets in the accompanying financial statements.

In December 1998, the County entered into a second lease-in/lease-out arrangement ("Lease 2"). The agreement which was entered into with NationsBanc Leasing and Finance, provided for the lease of six different facilities owned by the County to a financial party lessee and the lessee, in turn, subleased the facilities back to the County for a period of 35 years. At the time of commencement, the County received from the financial party approximately \$133 million.



## MIAMI-DADE COUNTY, FLORIDA

The County deposited approximately \$120.9 million with a financial institution sufficient to meet all its payment obligations under the terms of the sublease agreement and buy-out options, ranging 19 to 20 years subsequent to the commencing date. The funds are reported in the same manner as Lease 1. The subleases have been accounted for as non-cancelable operating leases.

On August 14, 2002, a portion of the third lease-in/lease-out arrangement (QTE Lease) commenced. This agreement which was entered into with the Bank of America Leasing & Capital Group, provided for the lease of certain Qualified Technological Equipment owned by the County and consisted of the MDT control system. The agreement provided for the lease of the equipment to a financial party lessee and the sublease of such equipment back to the County for a period of 16 years.

At the time of commencement, the County received from the financial party a total of approximately \$238 million. The County deposited approximately \$228 million with a financial institution sufficient to meet all its payment obligations.

Future minimum lease payments are amortized on a straight-line basis over the lease term as follows (in thousands):

Year Ending September 30,	Lease 1	Lease 2	QTE Lease	Total
2003	\$ 13,549	\$ 8,098		\$ 21,647
2004	13,623	8,034	\$ 2,215	23,872
2005		12,283	16,613	28,896
2006		8,089	16,613	24,702
2007		12,927	20,206	33,133
2008-2012		48,835	96,994	145,829
2013-2017		79,483	138,857	218,340
2018-2022	80,796	40,360	111,636	232,792
	<u>\$ 107,968</u>	<u>\$ 218,109</u>	<u>\$ 403,134</u>	<u>\$ 729,211</u>

# MIAMI-DADE COUNTY, FLORIDA

## **Note 6 – Segment Information**

Miami-Dade County has nine enterprise funds that provide bus and rail transportation, waste collection and disposal, seaport, airport, water and sewer, hospital, causeway, cultural, and housing services. Financial information for the major enterprise funds (Transit Agency, Solid Waste Management, Seaport, Aviation, Water and Sewer, and Public Health Trust) is presented separately in the basic financial statements. Financial information for the non-major enterprise funds is presented in the supplementary section of this report.

The Aviation Department has separated its properties into two activities classified as Port Authority Properties and Non-Port Authority Properties. These activities have bonds outstanding that are dependent solely on the revenues generated by the individual activities for repayment.

**Port Authority Properties** consist of the land and facilities at the airports that were acquired or constructed with government grants and proceeds of revenue bonds issued by the County under the terms of the 1954 Trust Agreement, as amended by supplemental agreements. In general, these properties include all land at each of the airports maintained by the Aviation Department, the runway and taxiway system at the Airport, most of the facilities in the passenger terminal complex at the Airport, and certain other facilities of a related nature.

**Non-Port Authority Properties** consist of certain buildings, structures and other facilities at the Airport that were constructed or acquired by tenant financing, government grants and proceeds from bonds not issued by the County under the Trust Agreement.

Summary financial information for the year ended September 30, 2002 for the above activities is presented below.

### CONDENSED STATEMENTS OF NET ASSETS

September 30, 2002

(in thousands)

	Port Authority Properties	Non-Port Authority Properties	Combined
Assets:			
Current assets	\$ 148,672	\$ 18,035	\$ 166,707
Restricted assets	352,001	38,005	390,006
Capital assets	2,346,525	430,059	2,776,584
Deferred charges	13,804	2,401	16,205
Total assets	2,861,002	488,500	3,349,502
Liabilities:			
Current liabilities	75,418	5,963	81,381
Due to other funds	2,454		2,454
Current liabilities payable from restricted assets	345,789	8,204	353,993
Noncurrent liabilities	1,825,480	236,005	2,061,485
Total liabilities	2,249,141	250,172	2,499,313
Net assets:			
Invested in capital assets, net of related debt	581,339	212,031	793,370
Restricted	92,636	11,869	104,505
Unrestricted deficit	(36,240)	(11,446)	(47,686)
Total net assets	\$ 637,735	\$ 212,454	\$ 850,189

# MIAMI-DADE COUNTY, FLORIDA

## CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

For the Year Ended September 30, 2002

(in thousands)

	Port Authority Properties	Non-Port Authority Properties	Combined
Operating revenues (pledged against bonds):			
Aviation fees	\$ 160,086	\$ 11,874	\$ 171,960
Rentals	56,969	43,489	100,458
Management Agreements	82,777	13,008	95,785
Concessions	75,287		75,287
Other	2,353	591	2,944
Total operating revenues	377,472	68,962	446,434
Depreciation expense	80,476	21,110	101,586
Other operating expenses	265,783	46,329	312,112
Operating income	31,213	1,523	32,736
Nonoperating revenues (expenses):			
Investment earnings	6,951	3,663	10,614
Interest expense	(77,993)	(14,696)	(92,689)
Other	48,134	688	48,822
Capital contributions	48,688		48,688
Change in net assets	56,993	(8,822)	48,171
Beginning net assets	580,742	221,276	802,018
Ending net assets	\$ 637,735	\$ 212,454	\$ 850,189

## CONDENSED STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2002

(in thousands)

	Port Authority Properties	Non-Port Authority Properties	Combined
Net cash provided (used) by:			
Operating activities	\$ 145,843	\$ 14,897	\$ 160,740
Noncapital financing activities	5,354		5,354
Capital and related financing activities	(141,850)	(27,755)	(169,605)
Investing activities	(25,571)	6,284	(19,287)
Net decrease	(16,224)	(6,574)	(22,798)
Beginning cash and cash equivalents	247,111	37,999	285,110
Ending cash and cash equivalents	\$ 230,887	\$ 31,425	\$ 262,312

## MIAMI-DADE COUNTY, FLORIDA

### **Note 7 - Self-Insurance Program**

The County's Risk Management Division administers property, workers' compensation and liability self-insurance programs. Certain group health insurance programs are also self-insured, subject to certain stop-loss provisions. An independent administrator administers these programs.

The master property insurance program (which covers most County properties) contains a \$1 million per occurrence deductible for most perils. Insurance coverage is maintained with independent carriers for property losses in excess of self-insured retentions up to \$2.5 billion countywide. Named windstorm coverage is limited to \$475 million per occurrence countywide with a 2% deductible (minimum \$1 million per location) with a minimum \$5 million per occurrence and maximum \$50 million per occurrence. There is no significant reduction in insurance coverage from the previous year. Settled claims have not exceeded coverage in the past three years.

The County maintains no excess coverage with independent insurance carriers for the workers' compensation and general liability self-insurance programs. Premiums are charged to the respective funds and determined based on amounts necessary to provide funding for current losses and to meet the required annual payments during the fiscal year. However, various liability and property programs are purchased from independent carriers due to exposure to loss and/or contractual obligations. During fiscal year 2002, there were no significant changes in insurance coverage other than the property insurance program, which contains changes related to limits and deductibles from the previous program. Settlements did not exceed coverage for any of the three past years.

The Risk Management Division also administers the self-insurance program for the Enterprise Funds. Water and Sewer only participates in the workers' compensation and certain group health self-insurance programs. Water and Sewer has established a self-insurance program for general and automobile liability exposures. The Trust maintains its own self-insurance programs for general and professional liability claims. The Trust also participates in the County's self-insurance worker's compensation program and certain health self-insurance programs.

The Aviation Department pays premiums to commercial insurance carriers for airport liability insurance, construction wrap-up and property insurance. The airport liability coverage provides comprehensive general liability, contractual liability, personal injury and on-site automobile liability at all airports. The Aviation Department has a recorded liability of \$801,000 in Due to Other Funds as an estimate for claims not covered by the policies due to self-insured retention limits.

The estimated liability for reported and unreported insurance claims of the self-insurance programs administered by the Risk Management Division (the "Division") is determined annually based on the estimated ultimate cost of settling claims, using past experience adjusted for current trends, and any other factors that would modify past experience. Outstanding claims are evaluated through a combination of case-by-case reviews and the application of historical experience. The estimate of incurred but not reported (IBNR) losses is based on historical experience and is determined by an independent actuary.

At September 30, 2002, the short and long-term estimated liabilities for reported and IBNR claims are \$46,098,000 and \$95,309,000, respectively, net of a discount of \$26,230,000 computed based on a projected rate of 3.75%.

# MIAMI-DADE COUNTY, FLORIDA

Changes in the Internal Service Fund estimated liability amount for fiscal years 2001 and 2002 are as follows (in thousands):

	<b>Workers Compensation</b>	<b>General Liability</b>	<b>Auto Liability</b>	<b>Group Health</b>	<b>Police Liability</b>	<b>Other</b>	<b>Total</b>
Balance as of October 1, 2000	\$ 66,117	\$ 22,307	\$ 5,834	\$ 9,500	\$ 14,738		\$ 118,496
Claims paid	(29,417)	(2,739)	(4,269)	(72,848)	(602)	\$ (2,027)	(111,902)
Claims and changes in estimates	32,663	4,223	4,131	75,503	1,179	2,027	119,726
Liabilities as of September 30, 2001	<u>\$ 69,363</u>	<u>\$ 23,791</u>	<u>\$ 5,696</u>	<u>\$ 12,155</u>	<u>\$ 15,315</u>		<u>\$ 126,320</u>
Balance as of October 1, 2001	\$ 69,363	\$ 23,791	\$ 5,696	\$ 12,155	\$ 15,315		\$ 126,320
Claims paid	(35,020)	(10,438)	(8,752)	(85,092)	(2,607)	\$ (2,444)	(144,353)
Claims and changes in estimates	57,894	6,963	8,871	87,026	(3,757)	2,444	159,441
Liabilities as of September 30, 2002	<u>\$ 92,237</u>	<u>\$ 20,316</u>	<u>\$ 5,815</u>	<u>\$ 14,089</u>	<u>\$ 8,951</u>		<u>\$ 141,408</u>

Changes in estimated liabilities for the Water and Sewer Department and the Public Health Trust for fiscal years 2001 and 2002 are as follows (in thousands):

	<b>Water &amp; Sewer Department</b>	<b>Public Health Trust</b>	<b>Total</b>
Balance as of October 1, 2000	\$ 20,565	\$ 37,498	\$ 58,063
Claims paid	(979)	7,834	6,855
Claims and changes in estimates	(1,969)	(3,149)	(5,118)
Liabilities as of September 30, 2001	<u>\$ 17,617</u>	<u>\$ 42,183</u>	<u>\$ 59,800</u>
Balance as of October 1, 2001	\$ 17,617	\$ 42,183	\$ 59,800
Claims paid	(1,052)	(4,025)	(5,077)
Claims and changes in estimates	1,256	6,402	7,658
Liabilities as of September 30, 2002	<u>\$ 17,821</u>	<u>\$ 44,560</u>	<u>\$ 62,381</u>

**MIAMI-DADE COUNTY, FLORIDA**

**Note 8 – Long-Term Debt**

**LONG-TERM LIABILITY ACTIVITY**

Changes in long-term liabilities for the year ended September 30, 2002, are as follows (amounts in thousands):

	Beginning Balance September 30, 2001	Additions	Reductions	Ending Balance September 30, 2002	Due Within One Year
<b>Governmental Activities</b>					
Bonds, loans and notes payable:					
General obligation bonds	\$ 313,661		\$ (42,675)	\$ 270,986	\$ 34,800
Special obligation bonds	930,062	\$ 158,215	(50,946)	1,037,331	54,176
Current year accretions of interest		23,227		23,227	
Housing Agency bonds and notes payable	107,012	5,000	(3,467)	108,545	32,635
Loans and notes payable	54,500		(107)	54,393	1,880
Add deferred amounts:					
For bond issuance premiums/discounts		6,148	(31)	6,117	
Total bonds, loans and notes payable	1,405,235	192,590	(97,226)	1,500,599	123,491
Other liabilities:					
Compensated absences	241,019	118,044	(95,187)	263,876	71,177
Estimated insurance claims payable	126,320	159,441	(144,353)	141,408	46,099
Accrued post-retirement health insurance benefits	11,428		(4,365)	7,063	2,406
Arbitrage rebate liability	5,595		(3,681)	1,914	
Other	18,145	1,200	(5,612)	13,733	
Total governmental activity long-term liabilities	\$ 1,807,742	\$ 471,275	\$ (350,424)	\$ 1,928,593	\$ 243,173
<b>Business-type Activities</b>					
Bonds, loans, and notes payable:					
Revenue bonds	\$ 3,897,295	\$ 299,000	\$ (113,350)	\$ 4,082,945	\$ 113,486
General obligation bonds	153,505		(2,335)	151,170	1,245
Special obligation bonds		46,075		46,075	
Loans and notes payable	462,553	22,365	(10,027)	474,891	16,922
Less deferred amounts:					
For issuance discounts	(81,467)		4,012	(77,455)	
On refunding	(33,954)		2,117	(31,837)	
Add deferred bond premium	1,902	3,721	(149)	5,474	
Commercial paper notes	168,339	293,500	(255,783)	206,056	
Total bonds, loans and notes payable	4,568,173	664,661	(375,515)	4,857,319	131,653
Other liabilities:					
Estimated insurance claims payable	59,800	6,607	(4,026)	62,381	7,025
Compensated absences	134,311	25,736	(19,501)	140,546	84,444
Environmental remediation liability	173,000	38,058	(38,058)	173,000	42,959
Liability for landfill closure/postclosure care costs	91,865	4,190	(9,657)	86,398	
Deferred revenues	199,989	283,871	(53,660)	430,200	22,496
Other	19,540	17,706	(18,657)	18,589	
Total business-type activities long-term liabilities	\$ 5,246,678	\$ 1,040,829	\$ (519,074)	\$ 5,768,433	\$ 288,577

# **MIAMI-DADE COUNTY, FLORIDA**

Changes in long-term liabilities for the County's major enterprise funds are as follows (in thousands):

	<b>Beginning Balance</b>			<b>Ending Balance</b>	<b>Due Within</b>
	<b>September 30, 2001</b>	<b>Additions</b>	<b>Reductions</b>	<b>September 30, 2002</b>	<b>One Year</b>
<b>Miami-Dade Transit Agency (MDTA)</b>					
Bonds and loans payable:					
Special obligation bonds		\$ 25,030		\$ 25,030	
Loans payable	\$ 34,000			34,000	\$ 2,769
Less deferred amounts:					
Add deferred bond premium		1,646		1,646	
Total bonds and loans payable	34,000	26,676		60,676	2,769
Other liabilities:					
Compensated absences	18,822	13,696	\$ (11,508)	21,010	8,192
Deferred revenues	188,169	283,830	(52,893)	419,106	21,647
Other	750			750	
Total long-term liabilities - MDTA	\$ 241,741	\$ 324,202	\$ (64,401)	\$ 501,542	\$ 32,608
 <b>Solid Waste Department</b>					
Bonds and loans payable:					
Revenue bonds	\$ 182,390		\$ (8,795)	\$ 173,595	\$ 9,190
Special obligation bonds		\$ 21,045		21,045	
Less deferred amounts:					
For issuance discounts	(914)		53	(861)	
On refunding	(4,553)		514	(4,039)	
Add deferred bond premium	1,634	2,075	(140)	3,569	
Total bonds and loans payable	178,557	23,120	(8,368)	193,309	9,190
Other liabilities:					
Compensated absences	9,765	417		10,182	
Liability for landfill closure/postclosure care costs	91,865	4,190	(9,657)	86,398	
Other	2,075		(1,733)	342	
Total long-term liabilities - Solid Waste	\$ 282,262	\$ 27,727	\$ (19,758)	\$ 290,231	\$ 9,190

# MIAMI-DADE COUNTY, FLORIDA

	Beginning Balance September 30, 2001	Additions	Reductions	Ending Balance September 30, 2002	Due Within One Year
<b>Seaport</b>					
Bonds and loans payable:					
Revenue bonds	\$ 85,515		\$ (7,620)	\$ 77,895	\$ 2,385
General obligation bonds	153,505		(2,335)	151,170	1,245
Loans payable	294,305		(1,320)	292,985	3,530
Less deferred amounts:					
On refunding	(14,294)		749	(13,545)	
Total bonds and loans payable	519,031		(10,526)	508,505	7,160
Other liabilities:					
Compensated absences	2,518		(300)	2,218	
Deferred revenues	11,816		(767)	11,049	849
Total long-term liabilities - Seaport	\$ 533,365		\$ (11,593)	\$ 521,772	\$ 8,009
<b>Aviation</b>					
Bonds, loans, and notes payable:					
Revenue bonds	\$ 1,783,870	\$ 299,000	\$ (60,455)	\$ 2,022,415	\$ 63,820
Less deferred amounts:					
For issuance discounts and deferred losses	(46,322)		2,449	(43,873)	
Commercial paper notes	168,339	293,500	(255,783)	206,056	
Total bonds, loans and notes payable	1,905,887	592,500	(313,789)	2,184,598	63,820
Other liabilities:					
Compensated absences	22,386	9,251	(7,144)	24,493	7,816
Environmental remediation liability	173,000	38,058	(38,058)	173,000	42,959
Deferred revenues	4	41		45	
Total long-term liabilities - Aviation	\$ 2,101,277	\$ 639,850	\$ (358,991)	\$ 2,382,136	\$ 114,595



# MIAMI-DADE COUNTY, FLORIDA

	Beginning Balance September 30, 2001	Additions	Reductions	Ending Balance September 30, 2002	Due Within One Year
<b>Water and Sewer Department</b>					
Bonds and loans payable:					
Revenue bonds	\$ 1,649,145		\$ (28,615)	\$ 1,620,530	\$ 29,920
Loans payable	134,248	\$ 22,365	(8,707)	147,906	10,623
Less deferred amounts:					
For issuance discounts	(28,048)		1,252	(26,796)	
On refunding	(13,331)		779	(12,552)	
Total bonds and loans payable	1,742,014	22,365	(35,291)	1,729,088	40,543
Other liabilities:					
Estimated insurance claims payable	17,617	204		17,821	2,038
Compensated absences	19,270	1,635		20,905	6,842
Total long-term liabilities - Water and Sewer Dept.	\$ 1,778,901	\$ 24,204	\$ (35,291)	\$ 1,767,814	\$ 49,423
<b>Public Health Trust (PHT)</b>					
Bonds and loans payable:					
Revenue bonds	\$ 188,535		\$ (7,320)	\$ 181,215	\$ 7,601
Less deferred amounts:					
For issuance discounts	(6,183)		258	(5,925)	
On refunding	(1,400)		64	(1,336)	
Total bonds and loans payable	180,952		(6,998)	173,954	7,601
Other liabilities:					
Estimated insurance claims payable	42,183	\$ 6,403	(4,026)	44,560	4,987
Compensated absences	61,052			61,052	61,052
Other	16,715	17,706	(16,924)	17,497	
Total long-term liabilities - Public Health Trust	\$ 300,902	\$ 24,109	\$ (27,948)	\$ 297,063	\$ 73,640

Compensated absences have typically been liquidated in the general fund, other governmental funds and enterprise funds. Liabilities for landfill and postclosure care costs have been liquidated in the Solid Waste enterprise fund. Legal contingencies have typically been liquidated in the General Fund. Insurance claims liabilities have typically been liquidated in the Self-Insurance Internal Service Fund and in the enterprise funds. The Self-Insurance Internal Service Fund predominantly serves the governmental funds. Therefore, the long-term liabilities of the fund are included in the above totals for governmental activities.

## **Demand Bonds**

At September 30, 2002, the County had \$3,000,000 of Capital Asset Acquisition Floating / Fixed Rate Special Obligation Bonds, Series 1990 (the "Bonds") that were due within seven days of demand by the holder at a price equal to principal plus accrued interest. The County's remarketing agent is authorized to use its best efforts to sell the repurchased bonds at par by adjusting the interest rate.

Under standby bond purchase agreement (the "Agreement") issued by a bank, the fiscal agent can draw amounts sufficient to repurchase the Bonds if they cannot be resold by the remarketing agent. In the absence of monies available under the Agreement, the monies will be drawn under an irrevocable letter of credit. The Agreement and letter of credit, with a stated termination date of November 1, 2008, expired on November 1, 2002, and has been extended for another year. There were no amounts under the Agreement or letter of credit at September 30, 2002.

# **MIAMI-DADE COUNTY, FLORIDA**

## **Long-Term Debt -- Governmental Activities**

Long-term debt of the County's governmental activities include general and special obligation bonds, installment purchase contracts and loan agreements that are payable from property tax levies and specific revenue sources. General obligation bonds are payable from unlimited ad valorem taxes on all taxable real and tangible personal property of the County, and are backed by the full faith, credit and taxing power of the County. Special obligation bonds are limited obligations of the County, payable solely from and secured by pledged non-valorem revenues of the County. Neither the full faith and credit nor the taxing power of the County is pledged to the payment of the special revenue bonds. The Miami-Dade Housing Agency's Public Housing Division debt is included as part of the County's governmental activities debt. This debt is composed of New Housing Authority Debentures (special revenue bonds), Project Loan Notes and U.S. HUD Permanent Financing Notes. A description of each outstanding debt issue is located at the end of this note. Interest on variable-rate bonds, currently in an auction rate mode, is based on the BMA index and is currently reset every 28 days.

Annual debt service requirements to maturity are as follows (in thousands):

Maturing in Fiscal Year	General Obligation Bonds		Special Obligation Bonds		Loans Payable		Housing Agency Public Housing Division	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal (1)	Interest
2003	\$ 34,800	\$ 17,005	\$ 54,176	\$ 34,460	\$ 1,880	\$ 2,873	\$ 32,635	\$ 11,551
2004	19,460	14,645	46,751	39,819	2,435	2,826	4,872	5,540
2005	10,155	13,209	34,110	37,671	2,648	2,749	5,026	5,290
2006	10,810	12,436	38,215	38,763	2,963	2,659	5,001	5,028
2007	11,530	11,558	40,180	38,859	3,282	2,548	4,715	4,228
2008-2012	53,420	46,155	217,305	179,010	21,128	10,331	24,593	15,273
2013-2017	66,881	28,422	219,943	194,368	13,730	5,308	19,300	9,139
2018-2022	43,360	10,759	207,213	167,996	6,327	833	9,585	4,105
2023-2027	20,570	1,847	228,403	187,024			1,979	1,059
2028-2032			266,667	239,379			839	84
2033-2037			297,402	196,848				
2038-2042			65,655	1,641				
	270,986	156,036	1,716,020	1,355,838	54,393	30,127	108,545	61,297
Less:								
Unaccreted value			(655,462)					
Accretions to date				(134,390)				
Add:								
Unamortized premium			6,117					
Total	\$ 270,986	\$ 156,036	\$ 1,066,675	\$ 1,221,448	\$ 54,393	\$ 30,127	\$ 108,545	\$ 61,297

(1) Includes bonds payable of \$19,587 and notes payable of \$88,958.

# **MIAMI-DADE COUNTY, FLORIDA**

## **Long-Term Debt – Business-type Activities**

Long-term debt of business-type activities include revenue bonds, special obligation bonds and loans payable from specified revenues of the County's enterprise funds. Also included are general obligation bonds issued on behalf of the Seaport Department, which will be paid from Seaport revenues and, to the extent those revenues are insufficient, from ad valorem taxes. A description of each outstanding debt issue is located at the end of this note. Interest on variable-rate bonds, currently in an auction rate mode, is based on the BMA index and is currently reset every 28 days.

Annual debt service requirements to maturity for revenue bonds and loans payable are as follows (in thousands):

Maturing in Fiscal Year	Revenue Bonds		General Obligation Bonds		Special Obligation Bonds		Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 113,550	\$ 221,154	\$ 1,245	\$ 8,066		\$ 1,111	\$ 16,922	\$ 10,710
2004	119,595	215,213	915	8,003	\$ 3,795	2,083	21,334	10,307
2005	126,170	208,788	3,300	7,883	3,935	1,938	22,213	10,007
2006	129,560	201,978	3,495	7,678	4,135	1,741	23,531	9,150
2007	136,895	194,803	3,705	7,453	4,290	1,583	23,350	8,479
2008-2012	636,995	863,702	22,435	33,259	24,325	5,040	130,871	32,206
2013-2017	706,760	688,579	29,520	26,113	5,595	280	93,882	16,313
2017-2022	894,275	469,188	37,895	17,519			69,393	8,090
2023-2027	932,295	209,670	48,660	6,483			53,395	3,241
2028-2032	286,850	34,968					20,000	164
2033-2037								
	4,082,945	3,308,043	151,170	122,457	46,075	13,776	474,891	108,667
Less:								
Unamortized discount and deferred amounts	(98,884)		(10,408)					
Add:								
Unamortized bond premium	1,753				3,721			
Total	\$ 3,985,814	\$ 3,308,043	\$ 140,762	\$ 122,457	\$ 49,796	\$ 13,776	\$ 474,891	\$ 108,667

## **Commercial Paper Notes**

On September 30, 2002, the County had outstanding \$205,708,000 of Aviation Commercial Paper Notes, plus accrued interest of \$348,000. The effective interest rate paid on the Notes outstanding ranged from 2.4% to 4.4%. The Notes and accrued interest are payable solely from proceeds of future Revenue Bonds and any unencumbered monies in the Improvement Fund. In addition, an irrevocable letter of credit in the amount of \$400,000,000 was entered into for the purpose of making funds readily available for the payment of principal and interest on the Notes. As of September 30, 2002, no amounts were outstanding on the letter of credit. The outstanding commercial paper notes and accrued interest, totaling \$206,056,000, have been included in long-term liabilities, rather than in current liabilities, because the Aviation Department intends to refinance the commercial paper with long-term revenue bonds.

# MIAMI-DADE COUNTY, FLORIDA

## Long-Term Debt Issued During the Year

The table below describes bonds and loans that were issued during the year (other than commercial paper) for governmental and business-type activities (in thousands):

Date Issued	Description	Purpose	Interest Rate Range	Final Maturity Date	Amount Issued
<b>BONDS:</b>					
5/30/02	Miami-Dade County, Florida Aviation Revenue Bonds Series 2002	To finance certain airport improvements under the Aviation's Capital Improvement Program	4.5% to 5.75%	10/01/32	\$ 299,000
6/15/02	Public Service Tax Revenue Bonds (UMSA Public Improvements) Series 2002	To finance improvements to the stormwater drainage system, construction and repair of sidewalks, park renovation and beautification of neighborhoods	3.00% to 5.50%	4/01/27	55,275
7/1/02	Special Obligation Bonds, Series 2002 (Miami-Dade Fire & Rescue Service District)	To acquire and construct a training complex and various other capital improvements for the district	3.00% to 5.50%	4/1/22	17,895
9/19/02	Special Obligation Bonds Capital Acquisition Series 2002A	To finance the acquisition of capital assets, improvements, renovations and enhancements to County facilities	2.00% to 5.00%	4/1/13	119,845
9/19/02	Special Obligation Bonds Capital Acquisition Series 2002B	To finance the acquisition of capital assets, improvements, renovations and enhancements to County facilities	Variable Rate (Auction Rate)	4/1/23	11,275
<b>LOANS:</b>					
9/30/02	State Revolving Fund (Miami-Dade Water and Sewer Dept.)	To finance construction of wastewater treatment facilities	2.56% to 4.17%	2019	22,365
4/9/02	Miami Dade Housing Fannie Mae Revolving Credit Facility Agreement note	To finance Miami-Dade Housing Agency infill housing and other affordable housing development initiatives	Variable (London Interbank Offer Rate)	2003	5,000
Total long-term debt issued during the year					530,655
Add: Interest accretions					23,227
Premiums on issuance of bonds					9,869
Total additions to bonds, loans and notes payable (governmental and business-type activities)					<u>\$563,751</u>

# MIAMI-DADE COUNTY, FLORIDA

## Defeased Debt – Advance Refundings

In prior years, the County defeased certain debt as listed in the table below (in thousands), by placing the proceeds of new bond issues in an irrevocable trust to provide for all future debt service payments of the defeased debt. Such proceeds are invested in direct obligations of the U.S. government, and in the opinion of the County and its Bond Counsel, will provide for all future debt service payments on the defeased debt. Accordingly, the trust account's assets and the liability for the defeased debt are not included in the accompanying financial statements.

Type	Series	Date of Defeasance	Call Date	Final Maturity Defeased	Principal Amount Defeased	Principal Outstanding, September 30, 2002
<b>Special Obligation Bonds:</b>						
Guaranteed Entitlement	A	12/27/85	02/01/08	02/01/08	\$ 65,000	\$ 23,125
Guaranteed Entitlement	1990	06/06/95	02/01/06	08/01/14	49,749	47,164
Sports Franchise Facilities Tax	1992A	07/09/98	10/01/02	10/01/02	1,675	450
Sports Franchise Facilities Tax	1992B	07/09/98	10/01/11	10/01/22	59,609	59,609
Sports Franchise Facilities Tax	1995	07/09/98	10/01/30	10/01/30	30,162	30,162
Special Obligation (CDT)	1996B	12/18/97	10/01/08	10/01/33	75,120	75,120
Special Obligation (Courthouse Center)	1994	12/17/98	04/01/04	04/01/19	19,795	19,795
Special Obligation (Courthouse Center)	1995	12/17/98	04/01/05	04/01/20	13,830	13,830
Total Special Obligation Bonds Defeased					<u>\$ 314,940</u>	<u>\$ 269,255</u>
<b>Revenue Bonds and Loans:</b>						
Aviation Department	W	07/29/98	10/01/02	10/01/07	\$ 24,000	24,000
Aviation Department	1995B	07/29/98	10/01/05	10/01/24	80,000	80,000
Rickenbacker Causeway	1983	08/29/85	10/01/08	10/01/08	5,225	5,225
Seaport	B,F,G	08/01/78	12/01/01	10/01/02	10,205	
Seaport	1979	10/25/88	04/01/04	10/01/09	17,265	9,440
Seaport	1992	01/01/96	10/01/01	10/01/01	138,260	
Seaport	1988C	09/06/01	10/10/01	10/01/01	2,740	
Seaport	1990F	09/06/01	10/10/01	10/01/01	5,050	
Water System	1992	12/23/93	06/01/02	06/01/04	36,245	8,920
Total Revenue Bonds and Loans Defeased					<u>\$ 318,990</u>	<u>\$ 127,585</u>

## MIAMI-DADE COUNTY, FLORIDA

### Interest Rate Swap Agreements

The Water and Sewer Department has entered into three swaps. One of the three swaps is a variable to fixed rate swap, one is a fixed to variable rate swap and the last is a basis swap that relates a taxable rate to a tax-exempt rate. The variable to fixed rate swap is associated with the Water and Sewer Department's Series 1994 Revenue Bonds. In the variable to fixed rate swap, the Water and Sewer Department owes interest to the counterparty, calculated at an annual fixed rate of 5.28% on a notional amount which amortizes with the Series 1994 Bonds and is \$420 million for the current fiscal year, and in return, the counterparty owes the Water and Sewer Department interest at a variable rate that matches the variable rate on the bonds.

The fixed to variable rate swap is associated with the Water and Sewer Department's Series 1995 Revenue Bonds. This swap became effective on August 26, 1998 and initially provided for the Water and Sewer Department to receive payments at a fixed rate of 4.85% and make payments at a variable rate based on the BMA index. This swap included an option, exercisable by the counterparty, for the Water and Sewer Department to receive payments at a variable rate based on the BMA index and to make payments at a fixed rate of 4.40%. This agreement was amended on February 26, 2001 to provide for: (i) the extension of the termination date to June 15, 2020; (ii) the association of the swap with the Water and Sewer Department's Series 1995 Bonds from the Series 1993 Bonds; (iii) a one day option to terminate the agreement on June 15, 2008; (iv) an increased fixed rate of 4.902%; (v) an additional fixed rate of 0.323% which survives the one day termination option; and (vi) a notional amount declining from \$215 million as of September 19, 2001 to \$154 million on September 19, 2019 in accordance with a schedule included in the amendment. On September 20, 2001, the counterparty exercised the option to receive payments from the Water and Sewer Department at the fixed rate of 4.40% and make payments at a variable rate based on the BMA index. The net effect of the exercised option was for the Water and Sewer Department to pay a fixed rate of 4.40% and receive a fixed rate of 5.225%.

On August 27, 1998, the County entered into a basis swap for the Water and Sewer Department's Series 1993 Revenue Bonds. The Water and Sewer Department pays BMA/.604 of the outstanding notional amount of \$114.5 million and the counterparty pays the County LIBOR + 1.28% of the outstanding notional amount, with such notional amount to be reduced each October 1, commencing on October 1, 2010 as set forth in a schedule attached to the confirmation. The swap had a termination date of October 1, 2013. On July 18, 2002, said swap was amended to provide (1) the association of the swap with the Water and Sewer Department's Series 1997 Bonds, (2) an increase of the notional amount from \$114.5 million to \$200 million to be reduced each October 1, commencing on October 1, 2021, (3) the extension of the termination date to October 1, 2026, and (4) an increase to the constant from 1.28% to 1.455%.

On May 12, 2000, County entered into two basis swaps backed by payments from the Convention Development Tax. One basis swap is associated with the County's Convention Development Bonds, Series 1996B Special Obligation Bonds and the other swap is associated with the County's Convention Development Bonds, Series 1997A, 1997B and 1997C Subordinate Special Obligation Bonds. On both basis swaps, the County pays BMA/0.604 of the outstanding notional amount and the counterparty pays the County LIBOR + Constant of the outstanding notional amount, with such notional amount to be reduced each October 1, commencing on October 1, 2000 as set forth in a schedule attached to the confirmation. For a period of two years commencing July 1, 2000, the counterparty was to retain any and all net swap payments or net swap receipts and embedded such payments and receipts in the Constant thereby increasing the Constant to 1.6263%. The County has begun receiving net swap payments effective with the payment due April 1, 2002 terminating the counterparties retention of such payments and receipts and setting the Constant at 1.6263%. The swap terminates on October 1, 2022.

If the counterparties to the swaps default, or if the swaps are terminated, the Water and Sewer Department and the County will be exposed to the rates established in each bond issue. A termination of any swap agreement may result in the Water and Sewer Department or the County making or receiving a termination payment. The counterparties to the interest rate swap agreements are large international brokerage and insurance firms and, accordingly, the County believes there is little risk of counterparty nonperformance.

# MIAMI-DADE COUNTY, FLORIDA

The following table summarizes interest rate swap agreements to which the County is currently a party (in thousands):

Swap	Counterparty	Notional Amount	County Pays		Counterparty Pays		Term
			Description	Amount	Description	Amount	
Water & Sewer Series 1995	Merrill Lynch Capital Services, Inc.	\$ 215,000	The Counterparty pays a fixed rate of 5.225%. The County pays the Counterparty a fixed rate of 4.40% until 6/15/08 and then recommence paying the variable rate.	\$ 12,768	Fixed - 5.225%	\$ 14,488	6/15/2020 with new option to terminate 6/15/2008-Old option to terminate by 12/15/2002 exercised on 9/20/2001
Water & Sewer Series 1993	Rice Financial Products Co.	\$ 114,500	BMA/.604	\$ 2,249	LIBOR + 1.28%	\$ 3,157	7/17/02
Water & Sewer Series 1994	AIG Financial Products Corp.	\$ 419,970	Fixed - 5.28% plus remarketing fee and LOC charges	\$ 22,113	Variable rate	\$ 5,960	10/5/22
Water & Sewer Series 1997	Rice Financial Products Co.	\$ 200,000	BMA/.604	\$ 913	LIBOR + 1.455%	\$ 1,381	10/1/26
SOB - CDT Series 1996B	Rice Financial Products Co.	\$ 95,082	BMA/.604	\$ 2,313	LIBOR + 1.65343%	\$ 3,559	10/1/22
Subordinate SOB - CDT, Series 1997A, B & C	Rice Financial Products Co.	\$ 281,946	BMA/.604	\$ 6,841	LIBOR + 1.65343%	\$ 10,547	10/2/22

## MIAMI-DADE COUNTY, FLORIDA

### *Debt Authorized, but Unissued*

As of September 30, 2002, the County has authorized but not issued the following:

- a) \$1,280,000 of general obligation bonds for general public improvements;
- b) \$25,655,000 of general obligation refunding bonds to advance refund all or portion of certain criminal justice general obligation bonds;
- c) \$705,000 Causeway Revenue Bonds;
- d) \$34,020,000 of Guaranteed Entitlement Refunding Revenue Bonds;
- e) \$247,500,000 of general obligation bonds for capital improvements for County airports to be paid by Aviation net revenues, if issued;
- f) \$35,700,000 Equipment Floating/Fixed Rate Special Obligation Bonds;
- g) \$131,474,000 of general obligation bonds for capital improvements to the County's water and sewer system, to be paid by Water and Sewer net revenues, if issued;
- h) \$8,026,000 Professional Sports Franchise Facilities Tax Revenue Bonds;
- i) \$133,000,000 Aviation Revenue Bonds for improvements to airport facilities (the "1995 Authorization");
- j) \$2,343,000,000 Aviation Revenue Bonds for improvements to airport facilities (the "1996 Authorization");
- k) \$500,000,000 Aviation Revenue Bonds for improvements to airport facilities (the "1997 Authorization");
- l) \$193,944,000 Aviation Bond Anticipation Notes to pay costs for improvements to airport facilities;
- m) \$730,000 Seaport Revenue Bonds to pay the cost of capital improvements to certain Seaport Department passenger terminal facilities;
- n) \$15,805,000 Water and Sewer System Revenue Bonds to finance the cost of capital improvements to the water and sewer systems of the County;
- o) \$50,000,000 Solid Waste System Bond Anticipation Notes to pay the costs of improvements to, and new capital project for, the Solid Waste System of the County;
- p) \$49,605,000 Solid Waste System Revenue Bonds to pay the outstanding Solid Waste System Bond Anticipation Notes and any additional improvements to, and new capital project for, the Solid Waste System of the County;
- q) \$69,885,000 General Obligation Bonds to provide funds for parks programs for regional parks, beaches, unincorporated areas and grants to municipalities;
- r) \$7,360,000 Public Service Tax Revenue Bonds to finance part of the cost of the Quality Neighborhoods Initiative Program;
- s) \$3,420,000 Stormwater Utility Revenue Bonds to finance part of the cost of the Quality Neighborhoods Initiative Program.

(continued)



**MIAMI-DADE COUNTY, FLORIDA**

***Debt Authorized, but Unissued (continued)***

- t) \$18,880,000 Capital Asset Acquisition Special Obligation Bonds;
- u) \$4,725,000 Public Service Tax Revenue Bonds to finance part of the cost of the Quality Neighborhoods Initiative Program;
- v) \$120,000,000 Special Obligation Bonds (Juvenile Courthouse Project) to fund the acquisition, construction and equipping of the Juvenile Courthouse Project; and
- w) \$6,000,000 Special Obligation Bonds (Correction Facility Project) to fund portion of the cost of acquisition, construction and equipping of a new holding facility.

**MIAMI-DADE COUNTY, FLORIDA**

**BONDS PAYABLE, GOVERNMENTAL ACTIVITIES**

(in thousands)

Bond description, original issue amount, date of issue, and purpose	Annual installments due through	Outstanding interest rates	Long-term debt, governmental
<b>General Obligation Bonds:</b>			
<b>Public Improvement Bonds:</b>			
\$50,000, Decade of Progress Bonds, Series "H", June 1978; for Solid Waste Disposal Facilities, Health Care Facilities, Public Library System, Recreational and Cultural Improvements and Facilities, and Street and Safety Improvements.	2003	6.70%	\$ 4,650
\$67,500, Decade of Progress Bonds, Series "I", October 1979; for the Unified Transportation System, Health Care Facilities, Public Library System, Recreational and Cultural Improvements and Facilities, and Street and Safety Improvements.	2004	6.90%	9,950
\$33,876, Series "CC", October 1986; for the Criminal Justice Program.	2016	6.80% to 7.125%	24,736
\$51,124, Series "DD", October 1988; for the Criminal Justice Program.	2018	7.40% to 7.75%	41,290
\$36,000, Series "EE", June 1996; for the Criminal Justice Program.	2016	4.75% to 5.625%	30,050
\$50,000, Series 1997, November 1997; for the Parks Program.	2022	5.0% to 5.375%	45,355
\$26,000, Series 1998, November 1998; for the Parks Program.	2023	4.20% to 5.40%	24,125
\$25,615, Series 1999, November 1999; for the Parks Program.	2024	4.75% to 6.875%	24,565
\$28,500, Series 2001, August 2001; for the Parks Program.	2026	4.25% to 5.25%	28,500
<b>Public Improvement Refunding Bonds:</b>			
\$111,675, Series 1986, June 1986; to advance refund a portion of Public Improvement Bonds Series J, K, L, and M.	2007	12% to 14.00%	28,560
\$59,345, Series 1988, January 1988; for Corrections, Law Enforcement, Courts and Court Related, and Other Facilities.	2004	7.40% to 7.50%	9,205
<b>Total General Obligation Bonds, Governmental Activities</b>			<b>\$ 270,986</b>
<b>Special Obligation Bonds:</b>			
<b>Guaranteed Entitlement Refunding Revenue Bonds:</b>			
\$16,694, Series 1988, June 1988; to refund a portion of the Guaranteed Entitlement Refunding Revenue Bonds, Series 1985.	2008	7.50% to 7.80%	\$ 48,879

(Continued)

**MIAMI-DADE COUNTY, FLORIDA**

**BONDS PAYABLE, GOVERNMENTAL ACTIVITIES (continued)**

(in thousands)

Bond description, original issue amount, date of issue, and purpose	Annual installments due through	Outstanding interest rates	Long-term debt, governmental
\$64,185, Series 1995A, June 1995; to refund Guaranteed Entitlement Revenue Bonds, Series 1990.	2018	5.00% to 6.25%	\$ 94,382
\$62,463, Series 1995B, June 1995; to refund a portion of the Guaranteed Entitlement Refunding Revenue Bonds, Series 1985 designated as Future Income Growth Securities (FIGS).	2003	5.00% to 5.10%	6,442
<b>Sales Tax Revenue Refunding Bonds:</b>			
\$60,375, Series 1996, May 1996; to advance refund the Sales Tax Revenue Refunding Bonds, Series 1986.	2002	6.00%	11,425
<b>Capital Asset Acquisition Equipment Floating/Fixed Rate Special Obligation Bonds:</b>			
\$64,300, Series 1990, November 1990; for equipment for the Parks Department, the Solid Waste Department, the Fire Department, the Information Technology Department, and other departments.	2010	Variable rates	3,000
\$85,045, Series 2002A and Series B, September 2002; for funding the purchase and improvement of certain capital assets of the County. (The total bond sale was \$131,120, of which \$46,075 is shown as long-term debt of business-type activities).	2023	Variable rates	85,045
<b>Professional Sports Franchise Facilities Tax Revenue Refunding Bonds:</b>			
\$94,479, Series 1998, June 1998 (Current Interest Bonds) and July 1998 (Capital Appreciation Bonds); to refund Professional Sports Franchise Tax Revenue Bonds, Series 1992A, Series 1992B, Series 1992B1, and Series 1995 Bonds.	2030	3.85% to 5.25%	94,687
<b>Special Obligation Bonds (Courthouse Center Project):</b>			
For the acquisition and renovation of the Courthouse Center and improvements and renovations to the existing court judicial facilities of the County, including the acquisition of certain capital equipment.			
\$26,390, Series 1994, June 1994	2019	5.65% to 5.85%	1,530
\$18,500, Series 1995, May 1995	2020	5.20% to 5.50%	1,610
\$5,110, Series 1998A, December 1998	2020	3.60% to 4.75%	4,730
\$38,320, Series 1998B, December 1998	2020	3.60% to 4.75%	36,965
<b>Stormwater Utility Revenue Bonds:</b>			
\$41,580, Series 1999, February 1999; for major drainage improvements throughout the unincorporated municipal service area (UMSA) .	2024	3.00% to 4.80%	38,805

(Continued)

MIAMI-DADE COUNTY, FLORIDA

**BONDS PAYABLE, GOVERNMENTAL ACTIVITIES (continued)**

(in thousands)

Bond description, original issue amount, date of issue, and purpose	Annual installments due through	Outstanding interest rates	Long-term debt, governmental
<b>Public Service Tax Revenue Bonds:</b>			
\$56,200, Series 1996, August 1996; to current refund Special Obligation and Refunding Bonds, Series 1986.	2003	5.00% to 5.25%	\$ 18,445
\$77,640, Series 1999, January 1999; for certain capital projects in the unincorporated municipal service area of the County (UMSA), including the construction or renovation of sidewalks; park development; the beautification of neighborhoods; and the construction of the Carol City Police Station and attendant buildings and facilities.	2023	4.00% to 5.25%	71,295
\$55,275, Series 2002, June 2002; for certain capital projects located in the UMSA, including improvements to the stormwater drainage system, the construction of new sidewalks and the repair of existing sidewalks; and the beautification of neighborhoods, including road resurfacing.	2027	3.00% to 5.50%	55,275
<b>Miami-Dade Fire Rescue Special Obligation Bonds:</b>			
\$41,105, Series 1996, February 1996; for various capital improvements for fire and rescue services, including but not limited to additional fire stations, environmental improvements and training and support space.	2011	4.20% to 6.00%	27,945
\$17,895, Series 2002, June 2002; for acquiring and constructing a training complex and various other capital improvements for the Fire and Rescue Service District.	2022	3.00% to 5.5%	17,895
<b>Special Obligation Refunding Bonds, Series 1996B:</b>			
\$175,279, July 1996 (Current Interest Bonds and Capital Appreciation Bonds); to refund Special Obligation Bonds, Series 1987A; to provide grants to the City of Miami Beach and the City of Homestead, Florida, to enable them to refund certain outstanding debt.	2035	4.8% to 6.10%	111,681
<b>Subordinate Special Obligation Refunding Bonds, Series 1997A:</b>			
\$86,571, December 1997; to refund Series 1996B bonds, which were issued to renovate the Miami Beach Convention Center and construct Section 212.0305 projects in the City of Homestead and finance the Homestead Convention Development Tax Revenue Certificates, Series 1989.	2026	5.35% to 5.62%	112,508
<b>Subordinate Special Obligation Bonds, Series 1997B:</b>			
\$170,008, December 1997 (Current Interest Bonds and Capital Appreciation Bonds); for the Downtown Performing Arts Center and construction or improvement of other cultural facilities.	2037	5.00% to 5.66%	186,253

(Continued)

MIAMI-DADE COUNTY, FLORIDA

**BONDS PAYABLE, GOVERNMENTAL ACTIVITIES (continued)**

(in thousands)

Bond description, original issue amount, date of issue, and purpose	Annual installments due through	Outstanding interest rates	Long-term debt, governmental
<b>Subordinate Special Obligation Bonds, Series 1997C:</b>			
\$41,961, December 1997 (Current Interest Bonds and Capital Appreciation Bonds); for the acquisition of real property for a new multi-purpose professional sports facility to be located in downtown Miami and the construction of a related bridge .	2028	4.10% to 5.68%	\$ 31,761
<b>Total Special Obligation Bonds, Governmental Activities</b>			<u><u>\$ 1,060,558</u></u>
<b>Housing Agency Bonds Payable:</b>			
New Housing Agency Debentures, Fourth Issue	2004	3.50%	305
New Housing Agency Debentures, Sixth Issue	2006	3.63%	545
New Housing Agency Debentures, Seventh Issue	2006	3.88%	1,272
New Housing Agency Debentures, Eighth Issue	2007	3.75%	515
New Housing Agency Debentures, Ninth Issue	2008	4.25%	750
New Housing Agency Debentures, Tenth Issue	2012	5.00%	6,085
New Housing Agency Debentures, Eleventh Issue	2013	4.88%	7,520
New Housing Agency Debentures, Twelfth Issue	2009	6.00%	<u>2,595</u>
<b>Total Housing Agency Bonds Payable, Governmental Activities</b>			<u><u>\$ 19,587</u></u>
Bonds totaling \$19,587 plus Notes Payable totaling \$88,958 = \$108,545 total Housing Agency debt			

**MIAMI-DADE COUNTY, FLORIDA**

**BONDS PAYABLE, BUSINESS-TYPE ACTIVITIES**

(in thousands)

Bond description, original issue amount, date of issue, and purpose	Annual installments due through	Outstanding interest rates	Long-term debt, business type activities
<b>Revenue Bonds:</b>			
<b>Seaport Revenue Bonds:</b>			
The Seaport Revenue Bonds were issued to finance capital improvements to Port of Miami facilities. The Seaport Revenue Refunding Bonds were issued to defease debt to take advantage of lower interest rates.			
\$29,400, Seaport Revenue Refunding Bonds, Series 1990E, July 1990.	2010	6.50% to 8.00%	\$ 7,415
\$44,950, Seaport Revenue Refunding Bonds, Series 1995, September 1995.	2016	4.60% to 6.20%	43,215
\$29,270, Seaport Revenue Bonds, Series 1996, November 1996.	2026	4.00% to 5.50%	27,265
<b>Total Seaport Revenue Bonds</b>			<u><u>\$ 77,895</u></u>
<b>Aviation – Port Authority Properties – Revenue Bonds:</b>			
The Revenue Bonds were issued to finance the construction or renovation of certain airport facilities. The Revenue Refunding Bonds were issued to defease debt in order to take advantage of lower interest rates.			
\$100,000, Series W, October 1992	2007	4.90% to 6.10%	\$ 60,795
\$58,800, Refunding Series Y Bonds, April 1993	2011	4.50% to 5.50%	35,000
\$29,865, Refunding Series 1994B Bonds, November 1994	2006	5.40% to 6.40%	13,010
\$19,525, Refunding Series 1994C Bonds, November 1994	2006	8.10% to 8.80%	8,055
\$39,595, Refunding Series 1995A Bonds, January 1995	2011	5.15% to 6.10%	26,395
\$215,920, Series 1995B Bonds, March 1995	2024	5.75% to 6.00%	135,920
\$24,080, Series 1995C Bonds, March 1995	2025	5.75%	24,080
\$52,860, Refunding Series 1995D Bonds, August 1995	2010	4.25% to 5.80%	44,385
\$29,985, Refunding Series 1995E Bonds, August 1995	2010	4.10% to 6.00%	24,905
\$267,415, Series 1996A Bonds, March 1996	2026	5.75%	267,415
\$27,585, Series 1996B Bonds, March 1996	2026	5.60%	27,585
\$70,490, Refunding Series 1996C Bonds, July 1996	2011	4.90% to 5.50%	22,055
\$130,385, Refunding Series 1997A Bonds, June 1997	2010	4.60% to 6.00%	107,090
\$136,830, Series 1997B Bonds, October 1997	2022	4.75% to 5.125%	129,365
\$63,170, Series 1997C Bonds, October 1997	2027	5.13%	63,170
\$192,165, Refunding Series 1998A Bonds, July 1998	2024	4.00% to 5.25%	172,885
\$40,920, Refunding Series 1998B Bonds, July 1998	2006	4.00% to 5.00%	25,000
\$150,000, Series 1998C Bonds, October 1998	2029	4.40% to 5.25%	150,000
\$78,110, Series 2000A Bonds, March 2000	2029	5.40% to 6.00%	78,110
\$61,890, Series 2000B Bonds, March 2000	2029	5.25% to 5.75%	61,890
\$299,000, Series 2002 Bonds, May 2002	2032	4.50%-5.75%	299,000
<b>Total Aviation – Port Authority Properties – Revenue Bonds</b>			<u><u>\$ 1,776,110</u></u>

(Continued)

MIAMI-DADE COUNTY, FLORIDA

**BONDS PAYABLE, BUSINESS-TYPE ACTIVITIES (Continued)**

(in thousands)

Bond description, original issue amount, date of issue, and purpose	Annual installments due through	Outstanding interest rates	Long-term debt, business type activities
<b>Aviation Facilities Revenue Bonds:</b>			
\$43,100, Aviation Facilities Variable Rate Demand Bonds, 1984 Series A, December 1984; to provide for the funds for the payment of the County's \$37,000 Aviation Facilities Notes at their stated maturity date.	2009	Variable rate	\$ 25,400
\$106,900, Aviation Facilities Revenue Bonds, 1992 Series B, November 1992; for paying the cost of certain projects included in the Cargo Area Redevelopment Plan at Miami International Airport.	2022	5.10% to 6.60%	90,495
\$139,995, Aviation Facilities Revenue Bonds, 1994 Series C, July 1994; to provide funds for the payment of certain projects included in the Cargo Area Redevelopment Plan at Miami International Airport.	2024	5.375% to 6.20%	130,410
<b>Total Aviation Facilities Revenue Bonds</b>			<u><u>\$ 246,305</u></u>
<b>Public Health Trust Revenue Bonds:</b>			
\$162,765, Public Facilities Revenue Bonds (Jackson Memorial Hospital), Series 1993, June 1993; to pay the cost of refunding a portion of the Series 1988A Bonds; to pay the cost of certain capital improvements to Jackson Memorial Hospital.	2023	4.40% to 5.625%	\$ 70,135
\$58,080, Public Facilities Revenue Refunding Bonds (Jackson Memorial Hospital), Series 1993A, October 1993; to refund a portion of Public Facilities Revenue Bonds, Series 1986A and the Public Revenue Bonds, Series 1986B.	2015	4.40% to 4.875%	44,710
\$67,100, Public Facilities Revenue Bonds (Jackson Memorial Hospital), Series 1998, June 1998; to finance the cost of certain capital additions to healthcare facilities.	2018	3.70% to 5.25%	66,370
<b>Total Public Health Trust Revenue Bonds</b>			<u><u>\$ 181,215</u></u>
<b>Water and Sewer Revenue Bonds:</b>			
\$409,415, Water and Sewer System Revenue Refunding Bonds, Series 1993, December 1993; to refund or advance refund various obligations .	2013	4.40% to 5.00%	\$ 296,460
\$431,700, Water and Sewer System Revenue Bonds, Series 1994, February 1994; for capital improvements to the water and wastewater systems.	2022	Variable rates	419,970
\$346,820, Water and Sewer System Revenue Bonds, Series 1995, October 1995; for capital improvements to the water and wastewater systems.	2025	4.10% to 6.25%	335,430

(Continued)

MIAMI-DADE COUNTY, FLORIDA

**BONDS PAYABLE, BUSINESS-TYPE ACTIVITIES (Continued)**

(in thousands)

Bond description, original issue amount, date of issue, and purpose	Annual installments due through	Outstanding interest rates	Long-term debt, business type activities
\$437,195, Water and Sewer System Revenue Bonds, Series 1997, January 1997; to finance capital improvements to the water and wastewater systems.	2026	4.50% to 6.25%	\$ 418,670
\$150,000, Water and Sewer System Revenue Bonds, Series 1999A, April 1999; to finance capital improvements to the water and wastewater systems.	2029	5.00%	150,000
<b>Total Water and Sewer Revenue Bonds</b>			<u><u>\$ 1,620,530</u></u>
<b>Solid Waste System Revenue Bonds:</b>			
\$109,550, Solid Waste System Revenue Refunding Bonds, Series 1996, December 1996; to pay off a loan from the State of Florida; to defease Series 1985A and Series 1986 bonds.	2011	4.00% to 6.00%	\$ 78,915
\$60,000, Solid Waste System Revenue Bonds, Series 1998, August 1998; to pay the principal balance of \$50,000 of the Dade County, Florida Solid Waste System Bond Anticipation Notes, Series 1997; to pay \$7.758 of capital expenditures and the cost of issuance of the bonds.	2018	3.65% to 4.85%	54,285
\$40,395, Solid Waste System Revenue Bonds, Series 2001, February 2001; to pay for various capital expenditures related to solid waste facilities, including some expenditures for the closure of landfills/cells, and construction of new landfill/cells.	2021	4.37% to 5.50%	40,395
<b>Total Solid Waste System Revenue Bonds</b>			<u><u>\$ 173,595</u></u>
<b>Housing Agency Revenue Bonds:</b>			
\$9,000, Special Housing Revenue Refunding Bonds, Series 1998.	2012	5.30% to 5.80%	\$ 7,295
<b>Total Housing Agency Revenue Bonds</b>			<u><u>\$ 7,295</u></u>
<b>Total Revenue Bonds, Business-type Activities</b>			<u><u>\$ 4,082,945</u></u>
<b>General Obligation Bonds:</b>			
\$153,500, Seaport General Obligation Bonds, Series 1992, April 1992; to finance various capital improvements to the Port of Miami.	2003	5.90%	\$ 1,220
\$149,950, Seaport General Obligation Refunding Bonds, Series 1996, January 1996; to provide funds to refund a portion of the Series 1992 bonds.	2027	4.40% to 5.125%	149,950
<b>Total General Obligation Bonds, Business-type Activities</b>			<u><u>\$ 151,170</u></u>

(Continued)



MIAMI-DADE COUNTY, FLORIDA

**BONDS PAYABLE, BUSINESS-TYPE ACTIVITIES (Continued)**

(in thousands)

Bond description, original issue amount, date of issue, and purpose	Annual installments due through	Outstanding interest rates	Long-term debt, business type activities
<b>Special Obligation Bonds:</b>			
The following bonds are part of Miami-Dade County, Florida, Capital Acquisition Bonds totaling \$131,120, sold in September 2002. The remaining principal of \$85,045 is shown as long-term debt of governmental activities.			
\$25,030, Capital Asset Acquisition Special Obligation Bonds, Series 2002A and Series 2002B, September 2002; for the acquisition of buses by the Metro-Dade Transit Agency.	2013	2.00% to 5.00%	\$ 25,030
\$21,045, Capital Asset Acquisition Special Obligation Bonds, Series 2002A and Series 2002B, September 2002; for the acquisition of equipment by the Solid Waste Department.	2013	2.00% to 5.00%	21,045
<b>Total Special Obligation Bonds, Business-type Activities</b>			<b>\$ 46,075</b>

## MIAMI-DADE COUNTY, FLORIDA

### **Note 9 - Defined Benefit Pension Plan**

The County participates in the Florida Retirement System (the "System"), a cost-sharing, multiple-employer, public employee retirement plan, which covers substantially all of the full-time and part-time employees. The System was created in 1970 by consolidating several employee retirement systems. All eligible employees as defined by the State who were hired after 1970, and those employed prior to 1970 who elect to be enrolled, are covered by the System. Benefits under the plan vest after six years of service. Employees who retire at or after age 62, with six years of credited service (vesting period), are entitled to an annual retirement benefit, payable monthly for life. The System also provides for early retirement at reduced benefits and death and disability benefits. These benefit provisions and all other requirements are established by State statute.

#### **Summary of Florida Retirement System ("FRS") Contributions, Covered Payroll and Percentage of Covered Payroll (in thousands)**

	<b>2002</b>	<b>2001</b>	<b>2000</b>
Covered Payroll	\$ 1,747,000	\$ 1,587,000	\$ 1,424,000
Contributions	170,000	176,000	178,000
% of Covered Payroll	9.7%	11.1%	12.5%

Pension costs for the County, as required and defined by State statute, ranged from 5.76% to 16.10% of gross salaries for fiscal year 2002. For the fiscal years ended September 30, 2002, 2001 and 2000, the County contributed 100% of the required contributions.

A copy of the System's June 30, 2002 annual report can be obtained by writing to the Division of Retirement, Cedars Executive Center, 2639 - C North Monroe Street, Tallahassee, FL 32399-1560 or by calling (850) 488-5706.

### **Note 10 - Contingencies and Commitments**

#### ***Environmental Matters***

In August 1993, the Miami-Dade County Aviation Department ("MDAD" or "Aviation Department") and the Dade County Department of Environmental Resources Management ("DERM") entered into a Consent Order. Under the Consent Order, the Aviation Department was required to correct environmental violations resulting from various tenants' failure to comply with their environmental obligations at the Airport, including those facilities previously occupied by Eastern Airlines and Pan American Airlines. In addition, the Aviation Department had a preliminary study performed by an independent engineering firm to estimate the cost to correct the environmental violations noted in the Consent Agreement. This study was used as a basis to record the liability for environmental violations noted in the Consent Order. This study was used as a basis to record the environmental remediation as of September 30, 1993. In each subsequent year, the Aviation Department has received an updated study performed by MACTEC Engineering and Consulting, f/k/a LAW Engineering and Environmental Services, Inc. (LAW), an independent engineering firm, to further update the estimated costs to correct the environmental violations noted in the Consent Order based on additional information and further refinement of estimated costs to be incurred.

The Aviation Department has recorded as a liability the amount, which represents the low end of the range of cost estimates for cleanup. Management believes that no specific amount in the range represents a better estimate of the ultimate liability.

## MIAMI-DADE COUNTY, FLORIDA

In 2002, the engineering study was further updated to reflect changes having occurred during the past year. As a result of the updated study and costs incurred in fiscal year 2002, the estimated range of the costs to correct such violations at September 30, 2002 is from \$173 to \$404 million. The wide range of cost estimates for cleanup is due largely to uncertainties as to the nature and extent of environmental reparations and the methods that must be employed for their remediation. Such amounts are expected to be paid by the Aviation Department over 14 years. Management believes that no specific amount in the range represents a better estimate of the ultimate liability. As a result, the Aviation Department has recorded a liability of \$173 million in the Port Authority Properties at September 30, 2002. Management has allocated a portion of bond proceeds to fund this obligation and believes that the remaining amount can be funded from the operations of the Aviation Department.

During fiscal year 1998, a new Consent Order (“FDEP Consent Order”) was signed with the State of Florida Department of Environmental Protection (“FDEP”). The new FDEP Consent Order encompasses and replaces the DERM agreement and includes additional locations. The FDEP Consent Order includes all locations at the Miami International Airport (MIA) that are contaminated, as well as additional sites where contamination is suspected. The Aviation Department included other sites where contamination is suspected in the FDEP Consent Order under a “Protective Filing”. If contamination is documented at these sites, the State would be required to incur the costs of remediation after the first \$200,000 of costs incurred by MDAD. (See discussion of the second State program below). Because the State will be required to pay for remediation of sites filled in the Protective Filing and because the contamination at the sites are unknown, these sites appear in the Opinion of Cost report with no dollar amounts.

In February 1999, the Aviation Department settled its Inland Protection Trust Fund (“IPTF”) case with FDEP concerning the cleanup of the sites formerly occupied by Eastern Airlines that are petroleum contaminated and are eligible for reimbursement. The settlement allocates \$1.7 million per year for a period of five years to clean up those sites that impact the current Capital Improvement Program. The Aviation Department has also applied for \$40 million of reimbursable costs from the State IPTF for eligible petroleum cleanup costs. As of September 30, 2002, the Aviation Department has received approximately \$26 million in reimbursements, which are being audited by the State. The Aviation Department has submitted additional supporting documentation to the State in appealing denials and requesting variances toward an additional \$11 million.

A large portion of the land at the Airport is a former military base that was originally proposed to be included on the National Priorities List. This site is now part of the Defense Environmental Restoration Project - Formerly Used Defense Sites (“DERP – FUDS”) program. Currently, the County has several pending lawsuits in State and Federal Court against the U.S., PRPs, and insurers to address recovery of past and future damages associated with this site, under Federal, State and Local environmental laws.

The Aviation Department will also incur remediation costs to meet clean soil requirements as a result of future development. Such amounts are not considered an expense until such time when the Aviation Department commits to future development. It is estimated that these remediation activities will be in excess of \$38 million over the next 9 years.

The liability recorded by the Aviation Department does not include an estimate of any environmental violations at the four general aviation airports or at the Training and Transition Airport.

In addition to the studies conducted to determine the environmental damage to the sites occupied by Eastern and Pan Am, the Aviation Department caused studies to be performed to determine the amount required to remove or otherwise contain the asbestos in certain buildings occupied by the airlines. The Aviation Department has also estimated the amount required to remove or otherwise contain the asbestos in buildings other than those occupied by Eastern and Pan Am. The studies estimate the cost to correct such damage related to all buildings to be approximately \$4.5 million. Such amounts do not represent a liability of the Aviation Department until such time as a decision is made by the Aviation Department management to make certain modifications to the buildings, which would require the Aviation Department to correct such matters.

FDEP has not approved the use of Risk Based Corrective Action (“RBCA”), which management believes will result in a reduction of the recorded liability. After RBCA is approved, the Aviation Department will have an independent engineering firm update the cost estimates. Accordingly, no adjustments have been made to the liabilities recorded as of September 30, 2002 as a result of RBCA.

## MIAMI-DADE COUNTY, FLORIDA

### ***Settlement Agreement***

In 1993, the County entered into a settlement agreement with the Florida Department of Environmental Protection resulting in very limited restrictions on new sewer construction in certain areas of the County until adequate capacity becomes available in the wastewater system. Subsequently, two consent decrees were entered into with the U.S. Environmental Protection Agency (“EPA”) whereby the Department accelerated its improvement program of the wastewater system, subject to a schedule of stipulated penalties if certain established completion dates are not met.

In December 1997, an Administrative Order on Consent (“AOC”) with the EPA became effective which addresses alleged violations of federal and state law regarding underground treated sewage injection wells and effluent discharges at a Department wastewater treatment plant. As required by the AOC, the Department is conducting hydrogeological studies to determine the nature of the concerns and take appropriate action, if necessary. A Consent Order with FDEP, which is intended to operate in conjunction with the AOC, was executed by the parties and became effective on March 1, 1999. This Consent Order serves as a mechanism by which the Department can obtain the permits needed to perform any work required by the AOC. Effective August 1, 2002, the AOC was terminated and the EPA asked the FDEP to address the compliance of the facility through a new Consent Order. At the present, the Department and the FDEP are negotiating a new Consent Order.

### ***Tonnage Guarantee: Conduit Debt***

Montenay-Dade, Ltd. (the “Company”) operates a resource recovery facility (the “Facility”) for the County, pursuant to the Third Amended and Restated Operations and Maintenance Agreement (the “Amended Agreement”) that expires on October 31, 2013. Solid waste is delivered to the Facility from the County’s transfer stations, and directly from municipal customers and private haulers. The garbage and trash are processed into refuse-derived fuel and then burned in four boilers that produce steam to turn two turbine generators.

Payments made to the Company under the Amended Agreement are primarily for tipping fees on the waste processed through the facility, subject to certain delivery and processing guarantees. The Company is also paid a share of the revenues from the sale of electricity generated by the plant and purchased by Florida Power Corporation, under a power purchase agreement. Accordingly, these payments are treated as an operations and maintenance expense.

In order to finance ongoing plant enhancements over the years, the County issued various prior debt instruments on behalf of the Company, which were refunded from the proceeds of the \$182.7 million Dade County, Florida Resource Recovery Facility Refunding Revenue Bonds issued in 1996 (the “Series 1996 Bonds”). The County’s obligation for the Series 1996 Bonds is limited to stipulations in the Amended Agreement, which guarantee a minimum amount of annual tipping fees. The Series 1996 Bonds are payable solely from and secured only by an irrevocable pledge of a lien on the Trust Estate created pursuant to the Trust Indenture. The County has not pledged any revenues or property (including the Facility) as security for the Series 1996 Bonds. The Series 1996 Bonds are conduit debt obligations and are, therefore, not reflected in the accompanying financial statements. The principal balance of the bonds outstanding at September 30, 2002 is \$118.6 million.

The Bond proceeds were loaned to the Company pursuant to a September 1, 1996 Loan Agreement. This Loan Agreement requires the Company to assign all tipping fees and other operating revenues directly to the Trust Estate in an amount that, at a minimum, will equal the debt service requirements on the Series 1996 Bonds.

The County has guaranteed to deliver, for processing at the Facility, 936,000 tons per year of on-site waste unless garbage is unavailable for delivery due to circumstances beyond the County’s control. In that event, the County guarantees to deliver not less than 702,000 tons per year of on-site waste and at least 270,000 tons per year in recyclable trash. If the County fails to meet these guarantees, the County will be required to pay the agreed tipping fees as if it had in fact delivered the guaranteed tonnage. As of September 30, 2002 the County was in compliance with the tonnage guarantees.

## MIAMI-DADE COUNTY, FLORIDA

In addition to the tonnage guarantees, the County has also covenanted to establish rates at a level that will provide receipts in an amount sufficient to meet its obligation for minimum tipping fees under the Amended Agreement. In the event such receipts are insufficient, the County has covenanted that for so long as the Series 1996 Bonds are outstanding, it will appropriate in its annual budget, to the extent permitted, available non-ad valorem revenues in an amount sufficient to meet its obligation for minimum tipping fees. This appropriation must be in accordance with the budgetary procedures provided by the laws of the State of Florida.

For fiscal year 2002, the County paid \$51.2 million in tipping fees to the Company. The rates charged for tipping fees as of September 30, 2002 were \$29.94 per ton for on-site waste processing other than tires, and \$67.43 per ton for shredded tires. These rates are adjusted annually for the consumer price index. The tipping fee for RTI processed tons was \$25.86 per ton. Fuel and other by-products not returned to County facilities from RTI received a credit of \$1.56 per ton as a recycle credit fee. In addition, the County also paid a Capital Improvements Project tipping fee of \$6.09 per ton.

Concurrent with the issuance of the Series 1996 Bonds, the County entered into an interest rate swap agreement for purposes of converting the fixed interest payments on the Series 1996 Bonds into variable rate payments. Based on this agreement, which is also part of the Trust Estate, the Trustee pays amounts based on interest calculated at a variable rate to the counterparty to the swap, while the counterparty pays to the Trustee amounts based on interest at a fixed rate. The agreement by the counterparty to make payments to the County under the swap agreement does not affect the County's obligation under the Trust Indenture to pay the principal of and interest on the Series 1996 Bonds. Should interest rates increase significantly, the County could be exposed to increased payment obligations through increased tipping fees.

On October 22, 1997, the County entered into a second swap agreement to take advantage of the interest rate savings between the variable taxable and tax-exempt rates. This Agreement provides for the Trustee to pay interest at BMA/.604 of the outstanding notional amount of \$140.2 million to the counterparty in the swap with such notional amount to be reduced each October 1, commencing on October 1, 1998 as set forth in the schedules attached to the confirmation. The counterparty, in turn, pays the Trustee interest at a *taxable* variable rate of LIBOR + constant. The swap terminates on October 1, 2013. Termination may result in the Trustee making or receiving a termination payment.

In the event of termination of the operator, the County must find a successor operator. This operator will be required to assume the Company's obligations under the Amended Agreement and Trust Indenture, or pay the Trustee an amount equal to the higher of (1) the unamortized capital cost or (2) the minimum tipping fee amounts due under Section 7.1.9 of the Amended Agreement. The aggregate amounts of estimated minimum tipping fees to be paid under the Amended Agreement for future fiscal years are as follows (in thousands):

<u>Fiscal Year</u>	
2003	\$ 51,814
2004	51,594
2005	51,368
2006	49,330
2007	50,857
Thereafter	300,017
Total	<u>\$ 554,980</u>

The above amounts represent the County's share, net of the Company's contract obligations and the effect of the fixed to variable rate swap arrangements generating positive cash flows. The amounts are based on 936,000 tons of on-site waste plus 270,000 tons of RTI processed in 2002 and annually thereafter. The amounts were computed using fiscal year 2001 rates.

## MIAMI-DADE COUNTY, FLORIDA

### ***Disposal Contracts***

The County, as part of its Strategic Plan, has also entered into long-term waste disposal contracts with two private regional disposal facility providers, Waste Management of Florida, Inc. (“Waste Management”) and Wheelabrator South Broward, Inc. (“Wheelabrator”). As of September 30, 2002, the County was in compliance with both contracts.

The Waste Management contract is effective until September 30, 2015, with two additional five-year renewal options. Under the terms of the contract, the County must deliver, or direct to be delivered, a minimum of 100,000 tons per year to a landfill located in the City of Medley. The County may dispose of a combined total of up to 500,000 tons per year at that site or the Central Sanitary Landfill located in Pompano Beach. This contract fixed the disposal fees at \$24.50 per ton until October 1, 1999. They will be adjusted annually for increases in the consumer price index (“CPI”). The disposal fees paid by the County for fiscal 2002 were \$26.50. The Wheelabrator contract term is for one year with six annual renewal options and a mutual renewal option for an additional three years. Under the terms of this contract, the County may deliver on request, up to 100,000 tons per year. Disposal fees paid by the County were fixed at \$26.50 per ton until January 1, 1999. Disposal fees were adjusted at that date for increases in the CPI, and will be adjusted annually thereafter. The disposal fees paid by the County for fiscal 2002 were \$28.18 per ton.

### ***Closure and Postclosure Care Costs***

Current laws and regulations require the County to place final covers on landfill cells as they are closed, and perform certain maintenance and monitoring functions at the landfill cell sites for thirty years after closure. These laws and regulations also require the County, on an annual basis, to disclose the extent of its financial responsibility for the costs involved, which are referred to as “closure and postclosure care” costs. The County was in compliance with these requirements as of September 30, 2002.

At September 30, 2002, the County’s total liability for landfill closure and postclosure care costs was approximately \$86.4 million. Of this amount, \$55.3 million relates to active landfills and \$31.1 million relates to inactive landfills.

The County accounts for and discloses closure and postclosure care costs in accordance with GASB Statement No. 18 *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs* (the “Statement”). The Statement requires, among other matters: (1) that the liability for closure and postclosure care costs be estimated based on applicable federal, state or local regulations that were in existence as of the balance sheet date, (2) that the cost estimates be reevaluated and adjusted on an annual basis for changes due to inflation or deflation, or for changes due to advancements in technology, (3) that a portion of these estimated closure and postclosure costs be recognized in each operating period that the landfill is active, based on the amount of waste received during the period, even though the majority of the costs will not be disbursed until the landfill cells are closed, and (4) that changes in the estimated costs for closure and postclosure care which occur after the landfill stops accepting waste are recognized entirely in the period of the change.

Expenses for closure and postclosure care are funded from bond proceeds, of which the principal and interest are subsequently repaid from Utility Service Fees assessed on all countywide water and wastewater users, in accordance with Chapter 24 of the Dade County Code (the “Code”). Under the Code, funds collected from this fee can be used for solid waste landfill closure and postclosure care costs that are the financial responsibility of the County, for environmental remediation at landfill sites, and for land acquired to protect groundwater.

***Active Landfills*** - Active landfills consist of the North Dade Landfill (ND), the South Dade Landfill (SD), and the Resources Recovery Ashfill (RR).

The liability balance of \$55.3 million as of September 30, 2002 represents an decrease of \$.5 million when compared to the preceding year. This decrease resulted from the combined effect of (1) an amortization debit of \$6.5 million in the current period to adjust the recorded liability to the amount that was required to be recognized based on the use of approximately 75.4% of the existing landfill capacity, and (2) reductions of approximately \$7,073,000 for amounts paid or due to vendors actually performing closure or postclosure work during the current period on a closed “cell” of an active landfill.

## MIAMI-DADE COUNTY, FLORIDA

Unrecognized costs of approximately \$36.4 million as of September 30, 2002, will be amortized on a current basis as the existing estimated capacity of approximately 7.7 million tons at September 30, 2002 is used. This estimated capacity is expected to last until 2014 based on current waste flows.

**Inactive Landfills** - Inactive landfills consist of the Main Landfill at 58th Street (Main), the Ojus Landfill (Ojus), and the old South Dade Landfill (OSD).

The liability balance of \$31.1 million as of September 30, 2002, represents a decrease of \$5 million when compared to the preceding year. This decrease resulted from the combined effect of (1) a net credit of \$2.4 million in the current period to adjust the recorded liability to the current estimate, and (2) reductions of \$2.6 million for amounts paid or due to vendors actually performing closure or postclosure work during the current period.

### **Construction Commitments**

Contracts and commitments relating to the Metrorail project and other transportation construction projects approximated \$7.0 million at September 30, 2002. Funding for approximately 90% of the 2002 commitment is anticipated to be provided by federal and state sources. The remainder will be funded by local sources.

As of September 30, 2002, Water and Sewer, Public Health Trust, Aviation, and Solid Waste Enterprise Funds had major construction commitments totaling \$44.1 million, \$287.22 million, \$1.4 billion and \$2.1 million, respectively.

The Reserve for Encumbrances at September 30, 2002, for the Capital Project Funds reflect construction commitments entered into by the County.

The following table sets forth these commitments by program classification (in thousands):

Street and Safety Improvements	\$ 54,363
Recreational Facilities and Cultural Improvements	238,373
Public Safety Facilities	3,193
Judicial and Correctional Facilities	2,696
Physical Environment	3,418
General Governmental Facilities	13,380
Total	<u>\$ 315,423</u>

### **Gantry Cranes Operating Agreement**

The Seaports gantry crane operation had been maintained by a private company (the "Operating Company") under a restated and amended operating agreement dated November 1, 1988. During 1997, certain activities of the Operating Company came under investigation by local, state and federal authorities to determine whether user fees belonging to the County were spent by the Operating Company for improper or illegal purposes. In addition, County investigation indicates that shipping companies may not have been billed or were underbilled for gantry crane services. This contract was terminated by the County on May 19, 1998.

During the term of the Restated and Amended Agreement, the County received approximately \$3.9 million (cumulatively) from the Operating Company for user fees in excess of the amounts retained. In addition, the County believes the Operating Company has an obligation to repay certain operating advances and ground lease rentals of approximately \$11.5 million that carried forward from the previous agreement, plus accrued interest thereon. This obligation has not been reflected in the accompanying financial statements. Such balances accrue simple interest at an annual rate of 7.8% and are reduced by excess usage fees paid by the Operating Company. The Seaport has received approximately \$500,000 (cumulatively) from the Operating Company for excess usage fees. The County believes that the collection of any amounts owed by the Operating Company pursuant to the Agreement is doubtful due to the negative net worth of the Operating Company.

## MIAMI-DADE COUNTY, FLORIDA

The County has filed a claim against the Operating Company for breach of contract, breach of fiduciary duty, civil theft, and declaratory relief, among others. The County believes it has a claim against the Operating Company for recovery of improper expenditures. The full amount has not been determined. The County has concluded at this time that it is not possible to determine the amount, if any, that may be collectible from the Operating Company, if it is determined that amounts were spent improperly; therefore, no amounts have been recorded in the accompanying financial statements.

The Operating Company has filed a counterclaim against the County alleging that Seaport officials required them to pay for expenses that were not related to gantry crane activities; therefore, creating deficits that could have been used to reduce amounts owed to the Seaport. The outcome of these matters cannot presently be determined.

On May 19, 1998, pursuant to Resolutions R-456-98 and R-514-98, the County terminated the Agreement with the Operating Company and entered into an Interim Gantry Crane Management Agreement (the "Interim Agreement") with a company (the "Interim Operator") to take over the maintenance of the gantry cranes. On June 6, 1999, the Board of County Commissioners adopted Resolution R-671-99 adopting in principle the Crane Maintenance Company Business Plan proposed by the Seaport and recommended by the County Manager. This plan provided for the creation of a not-for-profit company, Port of Miami Crane Management, Inc. ("Crane Management"), to replace the Interim Operator. Crane Management is responsible to a board of directors appointed by the Board of County Commissioners, the County Manager, the Port Director, and Port users. Crane Management became fully operational during fiscal year 2002 and the Interim Agreement was terminated September 30, 2002. Container crane user revenues for fiscal years 2002 and 2001 totaled \$11.1 million and \$10.8 million, respectively.

### ***Dredging Project***

The Seaport Department entered into a contract in 1994 with a dredging company for the dredging of the Port of Miami's south channel. The total cost of the project, including two approved change orders, was approximately \$40.5 million. The performance of the contractual obligation was backed by a performance bond. In January 1997, the dredging company filed for Chapter 11 bankruptcy protection and shortly thereafter demobilized its equipment and abandoned the project. In March 1998, the dredging company rejected the contract and prompted the County to make formal demand on the performance bond company ("bond company"). When the bond company neither tendered the amount of the bond to the County, nor promptly started the project, the County filed suit against the bond company.

Also, during fiscal year 1998, the County discovered that the dredging company had billed the County approximately \$29.3 million, however, they had only completed \$19.4 million worth of dredging project. Therefore, over-billing the Seaport for approximately \$9.9 million. The Seaport has recorded the amount of the overpayment as a construction advance.

During 1999, the bond company brought in a replacement contractor to complete the unfinished work. The replacement contractor abandoned the project leaving a significant amount of dredging work pending. This matter is currently under litigation. The County has sought to recover the overpayment made by filing a proof of claim in the dredging company's bankruptcy proceeding, as well as initiate a civil suit against the bond company. The bond company in turn has filed a counterclaim against the County, seeking approximately \$29 million in alleged damages.

Additional portions of the project have been completed, thereby reducing the estimated advance to approximately \$8.9 million. The Seaport is currently holding approximately \$2 million in retainage and has reported a loss reserve of approximately \$7 million.

### ***Building Lease/Terminal Usage Agreements***

The Seaport entered into an office building lease agreement (the "Agreement") with one of its cruise line customers (the "Lessee") to finance and construct an office building and related improvements (the "Building") at the Seaport. The Building is to be occupied and used by the Lessee. The Seaport would assume any financing, up to a maximum of \$16.6 million, entered into by the Lessee to finance the construction of the Building and would possess fee simple title to the Building. Under terms of the Agreement, the Lessee is to pay base rent of an amount per year equal to the debt service payments on the financing assumed by the Seaport. The financing is subject to the approval of the County.



## MIAMI-DADE COUNTY, FLORIDA

The construction of the Building has been completed; however, the Seaport and the Lessee are currently in dispute over certain terms and conditions of the Agreement. As a result, the Seaport has neither assumed any financing which may have been entered into by the Lessee to finance the construction of the Building nor possesses fee simple title to the Building. Until the Seaport obtains title to the building and assumes any debt and any other uncertainties regarding the contract are resolved, the County does not plan to include such asset and related liability, if any, in its financial statements to reflect the effects of the items described herein.

During fiscal years 1998 and 1999, the County approved various resolutions authorizing the County Manager to execute terminal usage agreements with two major cruise lines (the "Lines") and a terminal operating agreement with one of the cargo terminal operators. These agreements provide certain wharfage and dockage incentive discounts from the published Tariff in return for annual revenue guarantees and preferential berthing arrangements at certain terminal facilities. The cargo terminal operator agreement also provides for container yard improvements and reduced reefer rates.

The terminal usage agreements are 15 year contracts with five-year renewal options wherein each line guarantees to pay minimum annual revenues of not less than \$6.5 million in the first year and increasing annually thereafter during the initial term of the agreements. The lines receive incentive discounts ranging from 27% to a maximum of 33% from the published wharfage and dockage rates. Annual dockage and wharfage increases are capped, with only one increase per annum.

### ***Interlocal Agreement***

The County entered into an interlocal agreement (the "Interlocal Agreement") with the City of Miami Beach, Florida (the "City") in 1996 regarding the use and disposition of the two-thirds (2/3) portion of the Convention Development Tax (the "Tax"). The Tax is imposed by the County, pursuant to Section 212.0305(4)(b) of the Florida Statutes, on the leasing or letting of transient rental accommodations. Prior to this agreement, the Tax proceeds were collected by the County and remitted to the City of Miami Beach after the payment of debt service on any bonds secured by the Tax. However, the Interlocal Agreement provides that the tax proceeds be held by the County for projects permitted by State law and distributed after debt service is paid on the Miami-Dade County Special Obligation and Refunding Bonds Taxable Series 1996A and Series 1996B (the "1996 Senior Lien Bonds") and an annual operating subsidy payment of \$1.5 million (the "Operating Subsidy") is remitted to the City for the Miami Beach Convention Center Complex (the "Complex").

During fiscal year 1998, the County issued three series of bonds (the "1997 Subordinate Bonds") at one time. The 1997 Subordinate Bonds were comprised of the Subordinate Special Obligation Refunding Series 1997A, in the amount of \$86,570,856, Subordinate Special Obligation Bonds, Series 1997B, in the amount of \$170,008,377 and Subordinate Special Obligation Bonds, Series 1997C in the amount of \$41,961,440. The 1997 bond proceeds were used to refund a portion of the 1996 Senior Lien Bonds, to provide additional funds for the construction of the performing arts center (the "Downtown PAC"), to renovate and construct other cultural facilities and to acquire real property for the construction of a new multi-purpose professional sports facility in the City of Miami (the "Arena Project"). The 1996 Senior Lien Bonds and the Operating Subsidy have a first lien on the Tax that is superior to the lien on the Tax in favor of the 1997 Subordinate Bonds.

In 2001, the City and the County amended the Interlocal Agreement to provide, among other matters, for an increase in the Operating Subsidy to \$3 million for April 1, 2002 and to \$4.5 million on each April 1 thereafter until the end of the term of the Agreement. It also provided that the County and the City would share in any Tax proceeds that exceeds a certain growth factor for each year commencing in 2004. Moreover, the County agreed to fund \$15 million of capital improvements for the Complex from the next bond transaction in which the Tax is pledged and to pay an additional \$50 million in available tax proceeds to the City if the Tax is not pledged to a new baseball stadium by December 2003. The additional payments to the City agreed to in the amendment to the Interlocal Agreement are payable from Tax proceeds only and are subordinate to the lien on the Tax in favor of the 1996 Senior Bonds, the original \$1.5 Operating Subsidy and the 1997 Subordinate Bonds.

## MIAMI-DADE COUNTY, FLORIDA

### ***Other Commitments***

#### ***Social Security Administration***

The Social Security Administration ("SSA") contended that house staff of Jackson Memorial Hospital are considered employees of the Public Health Trust ("PHT"), and that their wages, therefore, should be subject to FICA taxation retroactive to January 1, 1980. In September 1995, the PHT, the State of Florida, the SSA and the Internal Revenue Service signed an agreement to settle this matter. Pursuant to the agreement, the PHT made a lump sum payment of \$17,900,000 plus accrued interest of \$391,000. The PHT is also required to pay \$1,350,000 discounted at 5%, which is approximately \$1,331,322 and is reflected in the accompanying financial statements.

#### ***Legal Contingencies***

The County is a defendant to other legal proceedings that occur in the normal course of operations. In the opinion of the County Attorney, the ultimate resolution of these legal proceedings are not likely to have a material, adverse impact on the financial position of the County or the affected funds.

Church and Tower is a contractor which performed paving work for the Water and Sewer Department under Contract # W-755 ("W-755"). The Water and Sewer Department incurred expenses in the amount of \$19 million in fiscal year 1997 and \$18.2 million in fiscal year 1996 under W-755. The County and the State Attorney's Office conducted investigations of all payments and outstanding invoices under W-755 due to detected discrepancies. As a result of these investigations and a non-binding mediation process, a settlement was approved in January 2003. Under the approved settlement, the Department will receive a net payment from Church and Tower in the amount of \$2.3 million and Church and Tower will dismiss all claims, including \$2.5 million relating to invoices which were frozen and unpaid.

#### ***Departure Incentive Program***

The County offered a Departure Incentive Program (the "Program") to employees with ten years of continuous service who were eligible for an unreduced Florida Retirement System benefit on or before January 31, 1996, and to employees who completed 20 years or more of continuous service, regardless of age, on or before January 31, 1996. The Program offered single health insurance coverage in a County approved group health plan or a \$300 a month cash payment for a minimum of eight years or until the employee becomes eligible for Medicare. The total estimated cost of the Program, discounted at 5%, is approximately \$7,063,000 and is recorded in long-term debt.

#### ***Arbitrage Rebates***

At September 30, 2002, the County recorded obligations to rebate arbitrage interest earnings on certain General Obligation and Special Obligation Refunding and Equipment Floating Bonds (the "Bonds") issued after the passage of the Tax Reform Act of 1986. The proceeds of the bonds were used to refund existing debt and to finance certain capital projects and acquisitions accounted for within the governmental and proprietary fund types of the County.

The rebate to the Federal Government, required to be paid within five years from the date of issuance and each five years thereafter, is estimated to be approximately \$5.732 million as of September 30, 2002. The liability related to governmental activities, not expected to be paid with available financial resources, is \$1.914 million and is recorded in long-term debt. The liability related to the enterprise funds at September 30, 2002 amounted to \$3.818 million, and is also included in long-term debt. The ultimate amount of the County's obligation will be determined based on actual interest earned.

#### ***Federal and State Grants***

Federal grant awards are audited in accordance with OMB Circular A-133 to determine that the terms and conditions of the grant awards have been complied with. Federal and State of Florida grant awards are subject to audit by the respective grantor agencies.

Florida Rules of the Auditor General, Section 10.550, specifies the requirements for entities that receive state financial assistance. Among these requirements is that an audit must be performed in compliance with the State of Florida Single Audit Act. It is the County management's opinion that no material liabilities will result from any such audits.

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### *Contingent Liability / Loan Guarantee*

The County's General Fund is contingently liable for the payment of certain obligations from available non ad valorem taxes, and has pledged to budget and appropriate annually for the debt service payments in the event revenues from the benefiting enterprise operations are not sufficient to meet the debt service requirements. These instances are delineated below.

<b>Series</b>	<b>Department</b>	<b>Original Amount</b>	<b>Principal Outstanding at 9/30/2002</b>	<b>Final Maturity</b>
Sunshine State Governmental Financing Commission, Series 1986	Seaport	\$50,000,000	\$48,000,000	July 1, 2012
Sunshine State Governmental Financing Commission, Series 1986	Parks	\$2,000,000	\$1,893,261	July 1, 2012
Sunshine State Governmental Financing Commission, Series 1995	Seaport	\$41,390,000	\$41,390,000	December 20, 2020
Sunshine State Governmental Financing Commission, Series 1998	Seaport	\$20,605,000	\$19,250,000	October 20, 2023
Sunshine State Governmental Financing Commission, Series 1999	Seaport	\$36,000,000	\$34,345,000	October 1, 2024
Sunshine State Governmental Financing Commission, Series 2001	Seaport	\$150,000,000	\$150,000,000	October 1, 2029
Sunshine State Governmental Financing Commission, Series 2001	Various	\$49,000,000	\$49,000,000	October 1, 2029
Industrial Development Revenue Bonds-BAC Funding Project Series 2000A and 2000B	Various	\$21,795,000	\$21,795,000	October 1, 2030

Miami-Dade County entered into a lease agreement whereby BAC is the developer of an office-building complex pursuant to an installment sales agreement. Miami-Dade County will lease the entire building and the lease payments are pledged to the bondholders. Additionally, the County has unconditionally guaranteed to budget and appropriate any shortfalls in pledged revenues from non ad valorem taxes.

**MIAMI-DADE COUNTY, FLORIDA**

**Note 11 - Interfund Transfers and Balances**

	(in thousands)			
	Transfers		Interfund	
	In	Out	Receivables	Payables
<b>General Fund</b>	\$ 54,347	\$ 376,265	\$ 77,703	\$ 1,000
<b>Community and Social Development</b>	64,760	1,907	1,000	712
<b>Special Revenue Funds</b>				
Fire and Rescue	7,704	400		5,000
Health Development	7,631	146,529		35,001
Housing Agency Public Housing Division			12,031	12,893
Hurricane Restoration	4,408	360		5,560
Other Special Revenue	32,784	48,597		
<b>Debt Service Funds</b>				
Special Obligations		445		
Other Special Obligations	48,417	3,284		
Loan Agreements	2,338			
<b>Capital Projects Funds</b>				
Bond Projects	630	8,733		
Impact Fees		164		1,994
Other Capital Projects	56,041	17,738		700
<b>Permanent Funds</b>		100		
<b>Internal Service Fund</b>				
Self Insurance			15,183	
<b>Total Governmental Activities</b>	<b>279,060</b>	<b>604,522</b>	<b>105,917</b>	<b>62,860</b>
<b>Enterprise Funds</b>				
Transit Agency	110,651			60,147
Solid Waste Management			1,994	2,047
Seaport		773		1,669
Aviation Department			857	8,040
Water and Sewer		33,035	3,625	8,128
Public Health Trust	250,324		34,997	5,204
Housing Agency Public Housing Division			705	
Rickenbacker Causeway		1,705		
<b>Total Business-type Activities</b>	<b>360,975</b>	<b>35,513</b>	<b>42,178</b>	<b>85,235</b>
<b>TOTALS</b>	<b>\$ 640,035</b>	<b>\$ 640,035</b>	<b>\$ 148,095</b>	<b>\$ 148,095</b>